SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

EXECUTIVE/FINANCE COMMITTEE
and
SPECIAL BOARD MEETING

AGENDA

Monday, June 26, 2017
9:00 A.M.

San Diego International Airport
SDCRAA Administration Building -- Third Floor
Board Room
3225 N. Harbor Drive
San Diego, CA 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 Corporate & Information Governance and are available for public inspection.

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

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

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

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

SAN DIEGO
INTERNATIONAL AIRPORT.
LET'S GO.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

Executive Committee

Committee Members: Boling (Chairman), Janney, Robinson

Finance Committee

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

NON-AGENDA PUBLIC COMMENT

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

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

NEW BUSINESS:

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the May 22, 2017, regular meeting.

FINANCE COMMITTEE NEW BUSINESS:

2. **REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE ELEVEN MONTHS ENDED MAY 31, 2017:**
Presented by: Kathy Kiefer, Senior Director, Finance and Asset Management

3. **REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF MAY 31, 2017:**
Presented by: Geoff Bryant, Manager, Airport Finance

4. **SUMMARY OF OUTSTANDING REVOLVING OBLIGATIONS AS OF MAY 31, 2017:**
Presented by: Geoff Bryant, Manager, Airport Finance

5. AUTHORIZATION OF BOND DOCUMENTS AND SALE OF UP TO $400 MILLION AIRPORT REVENUE BONDS, INCLUDING DELEGATION OF PRICING AUTHORITY, TO REFUND A PORTION OF THE AUTHORITY'S OUTSTANDING SUBORDINATE REVOLVING OBLIGATIONS AND TO FUND THE PARKING PLAZA, FIS AND CAPITAL IMPROVEMENT PROGRAM; AUTHORIZATION OF THE $10 MILLION IRREVOCABLE COMMITMENT OF PASSENGER FACILITY CHARGES IN FY 2018 TO THE PAYMENT OF DEBT SERVICE AND; AUTHORIZATION OF REIMBURSEMENT AGREEMENT:
RECOMMENDATION: Forward this item to the Board with a recommendation for approval.
Presented by: John Dillon, Director, Financial Management

EXECUTIVE COMMITTEE NEW BUSINESS:

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

REVIEW OF FUTURE AGENDAS:

7. REVIEW OF THE DRAFT AGENDA FOR THE JULY 6, 2017, BOARD MEETING:
Presented by: Kimberly J. Becker, President/CEO

8. REVIEW OF THE DRAFT AGENDA FOR THE JULY 6, 2017, AIRPORT LAND USE COMMISSION MEETING:
Presented by: Kimberly J. Becker, President/CEO

CLOSED SESSION:

9. CONFERENCE WITH LABOR NEGOTIATOR:
Labor negotiations pursuant to Cal. Gov. Code §54957.6
Authority Designated Negotiators: Kimberly Becker, President/CEO, and Kurt Gering, Director, Talent, Culture & Capability
Employee Organization: Teamsters 911

REPORT ON CLOSED SESSION:

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

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

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

Additional Meeting Information

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

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

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

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

UPCOMING MEETING SCHEDULE

Date	*Day*	*Time*	*Meeting Type*	*Location*
August 28	Monday	9:00 A.M.	Regular	Board Room

Item 1

Revised 6/22/17

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
EXECUTIVE AND FINANCE COMMITTEE MEETING MINUTES
MONDAY, MAY 22, 2017
BOARD ROOM

CALL TO ORDER: Chairman Boling called the Executive and Finance Committee and Special Board Meeting to order at 9:00 a.m., on Monday, May 22, 2017, in the Board Room of the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

Executive Committee

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

Finance Committee

Present:	Committee Members:	Boling, Cox, Janney, Sessom
Absent:	Committee Members:	None
Also Present:	Kimberly Becker, President/CEO; Amy Gonzalez, General Counsel; Ariel Levy Mayer, Assistant Authority Clerk I; Linda Gehlken, Assistant Authority Clerk I	

Board Member Cox arrived during the course of the meeting.

NON-AGENDA PUBLIC COMMENT: None.

NEW BUSINESS:

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the April 24, 2017 regular meeting.

ACTION: Moved by Board Member Robinson and seconded by Board Member Janney to approve staff's recommendation. Motion carried unanimously, noting Board Member Cox as ABSENT.

Board Member Cox arrived at the meeting at 9:08 a.m.

FINANCE COMMITTEE NEW BUSINESS:

2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE TEN MONTHS ENDED APRIL 30, 2017:

Kathy Kiefer, Senior Director, Finance and Asset Management, provided a presentation on the Unaudited Financial Statements for the Ten Months Ended April 30, 2017, which included Gross Landing Weight Units, Enplanements, Car Rental License Fees, Food and Beverage Concessions Revenue, Retail Concessions Revenue, Parking Revenue, Operating Revenues for the Month Ended April 30, 2017, Operating Expenses for the Month Ended April 30, 2017, Financial Summary for the Month Ended April 30, 2017, Nonoperating Revenues & Expenses for the Month Ended April 30, 2017, Operating Revenues for the Ten Months Ended April 30, 2017, Operating Expenses for the Ten Months Ended April 30, 2017, Financial Summary for the Ten Months Ended April 30, 2017, Nonoperating Revenues & Expenses for the Ten Months Ended April 30, 2017, and Statements of Net Position as of April 30, 2017.

3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF APRIL 30, 2017:

Geoff Bryant, Manager, Airport Finance, provided a presentation on the Authority's Investment Report as of April 30, 2017, which included, Total Portfolio Summary, Portfolio Composition by Security Type, Portfolio Composition by Credit Rating, Portfolio Composition by Maturity, Benchmark Comparison, Detail of Security Holdings, Portfolio Investment Transactions, Bond Proceeds Summary, and Bond Proceeds Investment Transactions.

Board Member Sessom left the meeting at 9:30 a.m.

4. SUMMARY OF OUTSTANDING REVOLVING CREDIT OBLIGATIONS AS OF APRIL 30, 2017:

Geoff Bryant, Manager, Airport Finance, provided a presentation on the Outstanding Revolving Credit Obligations as of April 30, 2017.

5. ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT:

John Dillon, Director, Financial Management, provided a presentation on the Amendments to Authority Policy 4.40, Debt Issuance and Management which included Debt Policy Overview, Objectives and Amendments.

RECOMMENDATION: Forward to the Board for approval.

ACTION: Moved by Board Member Cox and seconded by Board Member Janney to accept staff's recommendation. Motion carried unanimously, noting Board Member Sessom as ABSENT.

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

John Dillon, Director, Financial Management, provided a presentation on the Amendments to Authority Policy 4.20, Guidelines for Prudent Investments, which included Investment Policy Overview and Amendments.

RECOMMENDATION: Forward to the Board for approval.

ACTION: Moved by Board Member Cox and seconded by Board Member Janney to accept staff's recommendation. Motion carried unanimously, noting Board Member Sessom as ABSENT.

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

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.

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

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

8. REVIEW OF THE DRAFT AGENDA FOR THE JUNE 1, 2017 BOARD MEETING:

Kimberly J. Becker, President/CEO, provided an overview of the draft agenda for the June 1, 2017 Board meeting.

Ms. Becker stated that Item 12 was being pulled from the agenda.

Amy Gonzalez, General Counsel, requested that Closed Session Item 23 be removed, and stated that an item would be added regarding anticipated litigation.

9. REVIEW OF THE DRAFT AGENDA FOR THE JUNE 1, 2017 AIRPORT LAND USE COMMISSION MEETING:

Kimberly J. Becker, President/CEO, provided an overview of the draft agenda for the June 1, 2017 ALUC meeting.

Board Member Gleason requested that staff provide an update on the status of the City of San Diego's adoption of the Airport Land Use Plans.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 9:58 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY EXECUTIVE COMMITTEE THIS 26TH DAY OF JUNE, 2017.

ARIEL LEVY MAYER
ASSISTANT AUTHORITY CLERK I,
CORPORATE & INFORMATION
GOVERNANCE

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Net Position
as of May 31, 2017
(Unaudited)
Revised

ASSETS

	May 2017	May 2016
Current assets:		
Cash and investments [1]	$ 64,892,233	$ 66,877,193
Tenant lease receivable, net of allowance of 2017: ($218,877) and 2016: ($222,630)	7,720,223	7,963,960
Grants receivable	3,859,930	5,824,727
Notes receivable-current portion	1,705,491	1,608,986
Prepaid expenses and other current assets	7,197,051	7,599,664
Total current assets	**85,374,928**	**89,874,530**
Cash designated for capital projects and other [1]	42,294,744	34,149,112
Restricted assets:		
Cash and investments:		
Bonds reserve [1]	57,872,255	56,867,703
Passenger facility charges and interest unapplied [1]	67,918,960	72,203,351
Customer facility charges and interest unapplied [1]	37,159,518	40,150,244
SBD Bond Guarantee [1]	4,000,000	4,000,000
Bond proceeds held by trustee [1]	154,904,007	177,552,747
Variable rate debt interest held by Trustee [1]	93,741	-
Passenger facility charges receivable	4,184,702	4,549,082
Customer facility charges receivable	3,851,510	2,904,445
OCIP insurance reserve	2,791,385	3,609,507
Total restricted assets	**332,776,078**	**361,837,079**
Noncurrent assets:		
Capital assets:		
Land and land improvements	110,139,441	109,265,444
Runways, roads and parking lots	631,185,523	589,529,009
Buildings and structures	1,395,686,080	1,398,676,527
Machinery and equipment	49,021,542	45,367,477
Vehicles	15,659,506	14,648,331
Office furniture and equipment	33,426,540	32,416,713
Works of art	10,065,769	9,534,749
Construction-in-progress	180,700,212	152,054,765
	2,425,884,613	**2,351,493,015**
Less accumulated depreciation	(892,756,768)	(810,254,558)
Total capital assets, net	**1,533,127,845**	**1,541,238,457**
Other assets:		
Notes receivable - long-term portion	33,486,246	35,280,567
Investments-long-term portion [1]	187,360,838	139,307,213
Security deposit	349,943	323,337
Total other assets	**221,197,027**	**174,911,117**
Deferred outflows of resources:		
Deferred pension contributions	5,570,662	5,635,996
Other deferred pension outflows	15,047,685	288,051
Total assets and deferred outflows of resources	**$ 2,235,388,969**	**$ 2,207,934,342**

[1] *Total cash and investments, $627,323,893 for 2017 and $591,107,563 for 2016*

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Net Position
as of May 31, 2017
(Unaudited)
Revised

LIABILITIES AND NET POSITION

	May 2017	May 2016
Current liabilities:		
Accounts payable and accrued liabilities	$ 42,596,867	$ 46,195,429
Deposits and other current liabilities	8,681,415	7,575,735
Total current liabilities	**51,278,282**	**53,771,164**
Current liabilities - payable from restricted assets:		
Current portion of long-term debt	11,585,000	11,090,000
Accrued interest on bonds and variable debt	27,253,088	27,461,504
Total liabilities payable from restricted assets	**38,838,088**	**38,551,504**
Long-term liabilities:		
Variable debt	52,998,000	38,705,000
Other long-term liabilities	8,597,909	10,203,055
Long term debt - bonds net of amortized premium	1,276,360,489	1,292,106,254
Net pension liability	18,111,482	1,680,759
Total long-term liabilities	**1,356,067,880**	**1,342,695,068**
Total liabilities	**1,446,184,250**	**1,435,017,736**
Deferred inflows of resources:		
Deferred pension inflows	1,815,440	1,807,420
Total liabilities and deferred inflows of resources	**$ 1,447,999,690**	**$ 1,436,825,156**
Net Position:		
Invested in capital assets, net of related debt	339,557,804	369,088,830
Other restricted	177,476,316	183,755,511
Unrestricted:		
Designated	42,294,744	34,149,112
Undesignated	228,060,415	184,115,733
Total Net Position	**$ 787,389,279**	**$ 771,109,186**

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Revenues, Expenses, and Changes In Net Position
For the Month Ended May 31, 2017
(Unaudited)
Revised

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating revenues:					
Aviation revenue:					
Landing fees	$ 2,280,820	$ 2,403,345	$ 122,525	5%	$ 2,232,791
Aircraft parking Fees	242,304	242,299	(5)	-	226,045
Building rentals	4,579,784	4,681,104	101,320	2%	4,487,946
Security surcharge	2,488,129	2,492,590	4,461	-	2,304,985
CUPPS Support Charges	103,761	104,122	361	-	100,545
Other aviation revenue	134,073	132,379	(1,694)	-	138,308
Terminal rent non-airline	103,182	130,051	26,869	26%	110,440
Terminal concessions	2,063,503	2,367,666	304,163	15%	2,205,971
Rental car license fees	2,109,964	1,902,513	(207,451)	(10)%	2,176,487
Rental car center cost recovery	182,887	(223,584)	(406,471)	(222)%	147,654
License fees other	368,585	442,135	73,550	20%	353,749
Parking revenue	3,594,036	3,744,815	150,779	4%	3,817,691
Ground transportation permits and citations	501,834	678,344	176,510	35%	414,864
Ground rentals	1,548,570	1,548,067	(503)	(0)%	1,535,663
Grant reimbursements	18,676	120,800	102,124	547%	24,800
Other operating revenue	62,690	33,678	(29,012)	(46)%	94,622
Total operating revenues	**20,382,798**	**20,800,324**	**417,526**	**2%**	**20,372,561**
Operating expenses:					
Salaries and benefits	3,601,120	3,340,969	260,151	7%	3,307,104
Contractual services	3,815,115	3,886,836	(71,721)	(2)%	3,955,812
Safety and security	2,423,499	2,322,482	101,017	4%	3,592,580
Space rental	849,288	848,547	741	-	867,915
Utilities	1,001,231	1,042,599	(41,368)	(4)%	1,010,615
Maintenance	1,469,086	975,104	493,982	34%	1,937,933
Equipment and systems	19,549	9,873	9,676	49%	42,220
Materials and supplies	43,658	48,623	(4,965)	(11)%	48,151
Insurance	77,388	78,596	(1,208)	(2)%	78,592
Employee development and support	89,617	75,923	13,694	15%	106,738
Business development	263,584	364,388	(100,804)	(38)%	198,688
Equipment rentals and repairs	281,781	363,454	(81,673)	(29)%	126,468
Total operating expenses	**13,934,916**	**13,357,394**	**577,522**	**4%**	**15,272,816**
Depreciation	9,421,960	9,421,960	-	-	8,252,088
Operating income (loss)	**(2,974,078)**	**(1,979,030)**	**995,048**	**33%**	**(3,152,343)**
Nonoperating revenue (expenses):					
Passenger facility charges	4,160,538	4,838,701	678,163	16%	3,948,920
Customer facility charges (Rental Car Center)	3,395,027	3,336,178	(58,849)	(2)%	2,706,621
Quieter Home Program	(441,396)	128,908	570,304	129%	(1,203,535)
Interest income	535,942	756,735	220,793	41%	556,192
BAB interest rebate	385,935	385,851	(84)	(0)%	385,851
Interest expense	(5,629,539)	(5,321,205)	308,334	5%	(4,333,992)
Bond amortization costs	343,209	343,209	-	-	350,836
Other nonoperating income (expenses)	(833)	(14,611,489)	(14,610,656)	-	(3,879,759)
Nonoperating revenue, net	**2,748,883**	**(10,143,112)**	**(12,891,995)**	**(469)%**	**(1,468,866)**
Change in net position before capital grant contributions	**(225,195)**	**(12,122,142)**	**(11,896,947)**	**5283%**	**(4,621,209)**
Capital grant contributions	149,667	143,073	(6,594)	(4)%	189,188
Change in net position	**$ (75,528)**	**$ (11,979,069)**	**$ (11,903,541)**	**(15760)%**	**$ (4,432,021)**

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
For the Eleven Months Ended May 31, 2017 and 2016
(Unaudited)
Revised

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating revenues:					
Aviation revenue:					
Landing fees [1]	$ 24,218,290	$ 23,629,859	$ (588,431)	(2)%	$ 23,030,670
Aircraft parking fees	2,665,343	2,665,289	(54)	-	2,475,173
Building rentals	50,345,177	50,539,605	194,428	-	48,785,259
Security surcharge	27,369,420	27,345,200	(24,220)	-	24,568,946
CUPPS Support Charges	1,141,370	1,139,562	(1,808)	-	1,105,995
Other aviation revenue	1,481,395	1,480,989	(406)	-	1,471,484
Terminal rent non-airline	1,138,558	1,418,022	279,464	25%	921,450
Terminal concessions	21,641,026	23,735,326	2,094,300	10%	21,845,977
Rental car license fees	24,244,328	25,835,237	1,590,909	7%	24,216,629
Rental car center cost recovery	2,011,755	1,618,105	(393,650)	(20)%	642,995
License fees other	3,977,155	4,410,774	433,619	11%	3,999,010
Parking revenue	37,253,860	37,809,569	555,709	-	39,230,775
Ground transportation permits and citations	5,692,488	7,295,969	1,603,481	28%	4,761,079
Ground rentals	17,034,271	16,948,843	(85,428)	-	13,658,541
Grant reimbursements	201,826	268,000	66,174	33%	268,730
Other operating revenue	689,597	1,345,016	655,419	95%	800,226
Total operating revenues	**221,105,859**	**227,485,365**	**6,379,506**	**3%**	**211,782,939**
Operating expenses:					
Salaries and benefits [2]	41,227,754	41,380,777	(153,023)	-	38,551,131
Contractual services	40,944,208	40,020,698	923,510	2%	34,564,837
Safety and security	26,315,557	25,326,445	989,112	4%	25,566,219
Space rental	9,342,163	9,340,947	1,216	-	9,498,783
Utilities	11,730,613	9,763,776	1,966,837	17%	10,457,138
Maintenance	13,167,727	12,844,679	323,048	2%	13,109,958
Equipment and systems	298,799	424,250	(125,451)	(42)%	460,913
Materials and supplies	406,331	528,867	(122,536)	(30)%	449,305
Insurance	935,370	877,441	57,929	6%	870,898
Employee development and support	1,204,592	1,133,777	70,815	6%	1,077,850
Business development	2,319,237	2,180,095	139,142	6%	2,065,608
Equipment rentals and repairs	3,335,065	2,983,293	351,772	11%	2,724,395
Total operating expenses	**151,227,416**	**146,805,045**	**4,422,371**	**3%**	**139,397,035**
Depreciation	85,896,460	85,896,459	1	-	79,074,534
Operating income (loss)	**(16,018,017)**	**(5,216,139)**	**10,801,876**		**(6,688,630)**
Nonoperating revenue (expenses):					
Passenger facility charges	38,118,560	38,555,693	437,133	-	36,793,497
Customer facility charges (Rental Car Center)	33,837,007	33,056,493	(780,514)	(2)%	30,378,391
Quieter Home Program	(2,958,117)	(676,277)	2,281,840	77%	(4,760,854)
Interest income	6,007,571	7,356,863	1,349,292	22%	5,444,464
BAB interest rebate	4,245,284	4,254,858	9,574	-	4,257,355
Interest expense	(61,441,947)	(56,571,556)	4,870,391	8%	(52,702,278)
Bond amortization costs	3,810,553	3,810,553	-	-	3,893,037
Other nonoperating income (expenses)	(9,163)	(16,659,260)	(16,650,097)	-	1,124,950
Nonoperating revenue, net	**21,609,748**	**13,127,367**	**(8,482,381)**	**(39)%**	**24,428,562**
Change in net position before capital grant contributions	**5,591,731**	**7,911,228**	**2,319,495**	**41%**	**17,739,932**
Capital grant contributions	1,200,333	1,805,001	604,668	50%	10,624,503
Change in net position	**$ 6,792,064**	**$ 9,716,229**	**$ 2,924,165**	**43%**	**$ 28,364,435**

[1] Includes $1.4 M reduction in rates, fees and charges on landing fees due to operating expense savings for first nine months, recorded March 2017.

[2] For the fiscal year 2017, total pension expense will be $7,451,396, compared to $4,048,248 in fiscal year 2016.

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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
Landing Fees										
41112 - Landing Fees - Signatory	$2,290,559	$2,432,080	$141,520	6	$2,232,791	$24,347,248	$23,948,173	$(399,075)	(2)	$23,147,313
41113 - Landing Fee Rebate	(9,739)	(28,735)	(18,996)	(195)	0	(128,958)	(318,314)	(189,356)	(147)	(116,643)
Total Landing Fees	**2,280,821**	**2,403,345**	**122,524**	**5**	**2,232,791**	**24,218,289**	**23,629,859**	**(588,431)**	**(2)**	**23,030,669**
Aircraft Parking Fees										
41150 - Terminal Aircraft Parking	208,381	208,376	(5)	0	194,400	2,292,195	2,292,141	(54)	0	2,138,395
41155 - Remote Aircraft Parking	33,923	33,923	0	0	31,646	373,148	373,148	0	0	336,778
Total Aircraft Parking Fees	**242,304**	**242,299**	**(5)**	**0**	**226,046**	**2,665,343**	**2,665,289**	**(54)**	**0**	**2,475,173**
Building and Other Rents										
41210 - Terminal Rent	4,507,685	4,597,107	89,422	2	4,425,023	49,584,537	49,781,104	196,567	0	48,113,438
41215 - Federal Inspection Services	72,098	83,997	11,899	17	62,921	760,640	758,501	(2,139)	0	671,821
Total Building and Other Rents	**4,579,783**	**4,681,104**	**101,321**	**2**	**4,487,944**	**50,345,177**	**50,539,605**	**194,427**	**0**	**48,785,259**
Security Surcharge										
41310 - Airside Security Charges	613,108	614,273	1,164	0	561,643	6,744,192	6,738,465	(5,727)	0	5,998,788
41320 - Terminal Security Charge	1,875,021	1,878,317	3,296	0	1,743,342	20,625,228	20,606,735	(18,493)	0	18,570,158
Total Security Surcharge	**2,488,129**	**2,492,590**	**4,461**	**0**	**2,304,985**	**27,369,420**	**27,345,200**	**(24,220)**	**0**	**24,568,946**
CUPPS Support Charges										
41400 - CUPPS Support Charges	103,761	104,122	361	0	100,545	1,141,370	1,139,562	(1,808)	0	1,105,995
Total CUPPS Support Charges	**103,761**	**104,122**	**361**	**0**	**100,545**	**1,141,370**	**1,139,562**	**(1,808)**	**0**	**1,105,995**
Other Aviation Revenue										
43100 - Fuel Franchise Fees	15,122	13,428	(1,694)	(11)	19,357	172,934	172,528	(406)	0	163,023
43105 - New Capital Recovery	118,951	118,951	0	0	118,951	1,308,461	1,308,461	0	0	1,308,461
Total Other Aviation Revenue	**134,073**	**132,379**	**(1,694)**	**(1)**	**138,308**	**1,481,395**	**1,480,989**	**(406)**	**0**	**1,471,484**
Non-Airline Terminal Rents										
45010 - Terminal Rent - Non-Airline	103,182	130,051	26,869	26	110,440	1,138,558	1,418,022	279,464	25	921,450
Total Non-Airline Terminal Rents	**103,182**	**130,051**	**26,869**	**26**	**110,440**	**1,138,558**	**1,418,022**	**279,464**	**25**	**921,450**

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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Concession Revenue										
45111 - Term Concessions-Food & Bev	$866,977	$1,066,732	$199,755	23	$980,656	$9,041,480	$9,891,501	$850,022	9	$9,429,408
45112 - Terminal Concessions - Retail	563,347	649,414	86,067	15	578,917	5,855,598	6,516,749	661,150	11	5,763,472
45113 - Term Concessions - Other	257,238	254,076	(3,162)	(1)	308,491	2,813,561	3,594,723	781,161	28	3,042,495
45114 - Term Concessions Space Rents	71,969	72,591	621	1	71,170	791,662	798,497	6,835	1	783,824
45115 - Term Concessions Cost Recovery	125,099	139,718	14,619	12	91,047	1,224,154	986,037	(238,117)	(19)	950,158
45116 - Rec Distr Center Cost Recovery	127,172	127,171	(1)	0	123,889	1,398,890	1,387,563	(11,327)	(1)	1,362,221
45117 - Concessions Marketing Program	51,701	57,964	6,263	12	51,801	515,681	560,256	44,575	9	514,399
45120 - Rental car license fees	2,109,964	1,902,513	(207,452)	(10)	2,176,487	24,244,328	25,835,237	1,590,908	7	24,216,629
45121 - Rental Car Center Cost Recover	182,887	(223,584)	(406,471)	(222)	147,654	2,011,755	1,618,105	(393,650)	(20)	642,995
45130 - License Fees - Other	368,585	442,135	73,550	20	353,749	3,977,155	4,410,774	433,619	11	3,999,010
Total Concession Revenue	**4,724,939**	**4,488,728**	**(236,211)**	**(5)**	**4,883,862**	**51,874,263**	**55,599,439**	**3,725,176**	**7**	**50,704,610**
Parking and Ground Transportat										
45210 - Parking	3,594,036	3,744,815	150,780	4	3,817,691	37,253,860	37,809,569	555,709	1	39,230,775
45220 - AVI fees	493,453	650,785	157,332	32	387,823	5,107,666	6,445,860	1,338,194	26	3,582,567
45240 - Ground Transportation Pe	0	6,660	6,660	0	6,721	492,626	645,239	152,612	31	966,461
45250 - Citations	8,381	20,899	12,517	149	20,320	92,196	204,870	112,674	122	212,051
Total Parking and Ground Transportat	**4,095,870**	**4,423,159**	**327,289**	**8**	**4,232,555**	**42,946,349**	**45,105,538**	**2,159,189**	**5**	**43,991,855**
Ground Rentals										
45310 - Ground Rental - Fixed	1,548,570	1,548,068	(502)	0	1,535,663	17,034,271	16,948,843	(85,428)	(1)	13,635,967
45320 - Ground Rental - Percenta	0	0	0	0	0	0	0	0	0	22,574
Total Ground Rentals	**1,548,570**	**1,548,068**	**(502)**	**0**	**1,535,663**	**17,034,271**	**16,948,843**	**(85,428)**	**(1)**	**13,658,540**
Grant Reimbursements										
45410 - TSA Reimbursements	18,676	120,800	102,124	547	24,800	201,826	268,000	66,174	33	268,730
Total Grant Reimbursements	**18,676**	**120,800**	**102,124**	**547**	**24,800**	**201,826**	**268,000**	**66,174**	**33**	**268,730**

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Other Operating Revenue										
45510 - Finger Printing Fee	$17,605	$23,458	$5,853	33	$17,429	$193,659	$190,758	$(2,901)	(1)	$186,813
45520 - Utilities Reimbursements	19,427	13,745	(5,682)	(29)	19,427	213,693	208,066	(5,627)	(3)	222,631
45530 - Miscellaneous Other Reve	4,274	1,137	(3,137)	(73)	35,172	47,010	663,640	616,630	1,312	144,723
45540 - Service Charges	7,314	(16,570)	(23,884)	(327)	3,370	80,453	101,399	20,946	26	85,629
45570 - FBO Landing Fees	14,071	11,907	(2,164)	(15)	18,064	154,782	176,513	21,731	14	149,790
45580 - Equipment Rental	0	0	0	0	1,160	0	4,640	4,640	0	10,640
Total Other Operating Revenue	**62,691**	**33,677**	**(29,014)**	**(46)**	**94,622**	**689,597**	**1,345,016**	**655,419**	**95**	**800,225**
Total Operating Revenue	**20,382,799**	**20,800,322**	**417,523**	**2**	**20,372,562**	**221,105,858**	**227,485,360**	**6,379,502**	**3**	**211,782,937**
Personnel Expenses										
Salaries										
51110 - Salaries & Wages	2,688,301	2,259,860	428,441	16	2,232,926	31,599,223	25,996,109	5,603,114	18	25,319,088
51210 - Paid Time Off	0	216,669	(216,669)	0	166,221	0	2,486,943	(2,486,943)	0	2,381,048
51220 - Holiday Pay	0	0	0	0	43	0	656,009	(656,009)	0	723,671
51240 - Other Leave With Pay	0	13,652	(13,652)	0	6,168	0	109,535	(109,535)	0	103,289
51250 - Special Pay	0	45,435	(45,435)	0	65,685	0	760,008	(760,008)	0	724,295
Total Salaries	**2,688,301**	**2,535,616**	**152,684**	**6**	**2,471,042**	**31,599,223**	**30,008,604**	**1,590,619**	**5**	**29,251,391**
52110 - Overtime	55,991	60,787	(4,796)	(9)	57,948	606,053	631,825	(25,772)	(4)	634,398

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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Benefits										
54110 - FICA Tax	$206,981	$191,159	$15,822	8	$184,723	$2,332,603	$2,167,125	$165,477	7	$2,117,910
54120 - Unemployment Insurance-S	0	6,181	(6,181)	0	0	0	72,538	(72,538)	0	55,070
54130 - Workers Compensation Ins	22,863	14,298	8,565	37	14,266	268,636	176,457	92,178	34	117,467
54135 - Workers Comp Incident Expense	0	10,351	(10,351)	0	0	0	82,406	(82,406)	0	33,868
54210 - Medical Insurance	384,716	306,361	78,354	20	329,733	4,130,103	3,620,855	509,248	12	3,655,797
54220 - Dental Insurance	27,522	25,992	1,531	6	25,990	302,229	285,737	16,491	5	283,105
54230 - Vision Insurance	3,376	3,244	132	4	3,172	37,139	35,244	1,895	5	34,780
54240 - Life Insurance	8,615	8,506	109	1	7,772	94,763	91,879	2,884	3	85,457
54250 - Short Term Disability	9,584	10,007	(423)	(4)	9,726	105,427	109,711	(4,284)	(4)	106,106
54310 - Retirement	516,387	541,233	(24,846)	(5)	491,729	5,680,259	5,320,873	359,385	6	5,248,086
54312 - GABS 68 -Non-funded Retirement	0	0	0	0	0	0	1,679,109	(1,679,109)	0	0
54315 - Retiree	174,548	174,750	(202)	0	100,200	1,920,032	1,916,900	3,132	0	1,967,150
54410 - Taxable Benefits	0	0	0	0	0	0	20,630	(20,630)	0	19,562
54430 - Accrued Vacation	0	2,556	(2,556)	0	42,168	0	(91,164)	91,164	0	165,640
Total Benefits	**1,354,592**	**1,294,639**	**59,953**	**4**	**1,209,480**	**14,871,190**	**15,488,303**	**(617,113)**	**(4)**	**13,889,998**
Cap Labor/Burden/OH Recharge										
54510 - Capitalized Labor Recha	(446,986)	(113,360)	(333,627)	(75)	(79,231)	(5,252,091)	(973,640)	(4,278,451)	(81)	(924,402)
54515 - Capitalized Burden Rech	0	(42,692)	42,692	0	(31,929)	0	(359,403)	359,403	0	(354,682)
54599 - OH Contra	0	(377,450)	377,450	0	(269,374)	0	(3,201,614)	3,201,614	0	(3,282,227)
Total Cap Labor/Burden/OH Recharge	**(446,986)**	**(533,501)**	**86,514**	**19**	**(380,534)**	**(5,252,091)**	**(4,534,657)**	**(717,434)**	**(14)**	**(4,561,312)**
QHP Labor/Burden/OH Recharge										
54520 - QHP Labor Recharge	(50,776)	(11,905)	(38,872)	(77)	(28,122)	(596,622)	(81,611)	(515,011)	(86)	(324,155)
54525 - QHP Burden Recharge	0	(4,960)	4,960	0	(12,077)	0	(33,587)	33,587	0	(138,217)
54526 - QHP OH Contra Acct	0	0	0	0	(10,636)	0	(99,109)	99,109	0	(201,577)
Total QHP Labor/Burden/OH Recharge	**(50,776)**	**(16,865)**	**(33,911)**	**(67)**	**(50,836)**	**(596,622)**	**(214,308)**	**(382,314)**	**(64)**	**(663,948)**
MM&JS Labor/Burden/OH Recharge										
54530 - MM & JS Labor Recharge	0	203	(203)	0	0	0	921	(921)	0	(1,488)
54531 - Joint Studies - Labor	0	91	(91)	0	0	0	91	(91)	0	2,092
54535 - MM & JS Burden Recharge	0	(28)	28	0	0	0	(28)	28	0	(500)
54536 - Maintenance-Burden	0	28	(28)	0	0	0	28	(28)	0	500
Total MM&JS Labor/Burden/OH Recharge	**0**	**294**	**(294)**	**0**	**0**	**0**	**1,012**	**(1,012)**	**0**	**605**
Total Personnel Expenses	**3,601,121**	**3,340,971**	**260,150**	**7**	**3,307,101**	**41,227,753**	**41,380,779**	**(153,026)**	**0**	**38,551,132**

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Non-Personnel Expenses										
Contract Services										
61100 - Temporary Staffing	$22,194	$22,407	$(213)	(1)	$48,990	$161,138	$352,172	$(191,034)	(119)	$362,278
61110 - Auditing Services	2,000	4,000	(2,000)	(100)	0	159,800	158,800	1,000	1	177,500
61120 - Legal Services	66,000	46,983	19,018	29	9,720	726,000	453,979	272,021	37	113,571
61130 - Services - Professional	1,156,357	962,749	193,608	17	1,225,890	12,125,531	11,254,383	871,148	7	11,157,987
61150 - Outside Svs - Other	319,012	342,832	(23,820)	(7)	276,505	3,415,650	3,109,811	305,840	9	2,989,712
61160 - Services - Custodial	2,413,243	2,478,276	(65,032)	(3)	2,401,079	25,944,884	25,396,494	548,390	2	20,354,575
61190 - Receiving & Dist Cntr Services	134,611	133,725	885	1	129,931	1,464,809	1,460,041	4,767	0	1,433,886
61990 - OH Contra	(298,302)	(104,135)	(194,167)	(65)	(136,302)	(3,053,604)	(2,164,982)	(888,622)	(29)	(2,024,672)
Total Contract Services	**3,815,114**	**3,886,837**	**(71,723)**	**(2)**	**3,955,814**	**40,944,207**	**40,020,697**	**923,510**	**2**	**34,564,838**
Safety and Security										
61170 - Services - Fire, Police,	495,720	494,223	1,496	0	470,063	5,452,916	5,144,912	308,004	6	5,443,516
61180 - Services - SDUPD-Harbor	1,409,445	1,399,829	9,615	1	2,754,561	16,560,974	15,809,197	751,776	5	16,508,906
61185 - Guard Services	278,333	259,008	19,325	7	254,749	2,891,667	2,943,718	(52,051)	(2)	2,742,133
61188 - Other Safety & Security Serv	240,000	169,421	70,579	29	113,206	1,410,000	1,428,618	(18,618)	(1)	871,664
Total Safety and Security	**2,423,497**	**2,322,482**	**101,016**	**4**	**3,592,580**	**26,315,556**	**25,326,446**	**989,111**	**4**	**25,566,219**
Space Rental										
62100 - Rent	849,288	848,547	741	0	867,915	9,342,163	9,340,947	1,216	0	9,498,783
Total Space Rental	**849,288**	**848,547**	**741**	**0**	**867,915**	**9,342,163**	**9,340,947**	**1,216**	**0**	**9,498,783**
Utilities										
63100 - Telephone & Other Commun	35,942	47,452	(11,509)	(32)	39,776	395,610	585,228	(189,618)	(48)	360,137
63110 - Utilities - Gas & Electr	885,267	894,014	(8,747)	(1)	904,444	10,421,759	8,241,514	2,180,245	21	9,198,047
63120 - Utilities - Water	80,022	101,521	(21,499)	(27)	68,311	913,244	940,619	(27,375)	(3)	904,582
63190 - OH Contra	0	(387)	387	0	(1,916)	0	(3,585)	3,585	0	(5,628)
Total Utilities	**1,001,231**	**1,042,599**	**(41,368)**	**(4)**	**1,010,615**	**11,730,614**	**9,763,776**	**1,966,838**	**17**	**10,457,138**

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Maintenance										
64100 - Facilities Supplies	$82,260	$103,782	$(21,522)	(26)	$71,062	$878,390	$874,972	$3,418	0	$847,633
64110 - Maintenance - Annual R	1,031,569	659,351	372,218	36	869,435	9,534,594	9,133,793	400,801	4	9,285,983
64122 - Contractor Labor	0	0	0	0	0	0	689	(689)	0	0
64123 - Contractor Burden	0	0	0	0	0	0	877	(877)	0	0
64124 - Maintenance-Overhead	0	344	(344)	0	30	0	752	(752)	0	102
64125 - Major Maintenance - Mat	325,257	152,477	172,780	53	245,907	2,274,743	2,450,084	(175,341)	(8)	1,503,569
64127 - Contract Overhead (co	0	502	(502)	0	0	0	3,267	(3,267)	0	394
64140 - Refuse & Hazardous Waste	30,000	58,649	(28,649)	(95)	751,499	480,000	380,245	99,755	21	1,472,277
Total Maintenance	**1,469,086**	**975,104**	**493,982**	**34**	**1,937,933**	**13,167,727**	**12,844,679**	**323,047**	**2**	**13,109,960**
Equipment and Systems										
65100 - Equipment & Systems	21,565	27,638	(6,074)	(28)	43,158	321,871	442,151	(120,280)	(37)	463,504
65101 - OH Contra	(2,016)	(17,765)	15,749	781	(938)	(23,072)	(17,901)	(5,171)	(22)	(2,591)
Total Equipment and Systems	**19,549**	**9,874**	**9,675**	**49**	**42,221**	**298,799**	**424,250**	**(125,451)**	**(42)**	**460,913**
Materials and Supplies										
65110 - Office & Operating Suppl	38,400	59,566	(21,166)	(55)	35,363	368,330	448,852	(80,522)	(22)	355,813
65120 - Safety Equipment & Suppl	9,699	8,099	1,600	16	14,324	76,685	88,000	(11,315)	(15)	105,527
65130 - Tools - Small	1,250	8,506	(7,256)	(580)	1,321	14,750	52,955	(38,205)	(259)	12,291
65199 - OH Contra	(5,692)	(27,548)	21,856	384	(2,856)	(53,434)	(60,940)	7,506	14	(24,326)
Total Materials and Supplies	**43,657**	**48,622**	**(4,965)**	**(11)**	**48,152**	**406,331**	**528,867**	**(122,537)**	**(30)**	**449,304**
Insurance										
67170 - Insurance - Property	40,726	40,919	(194)	0	37,184	447,984	450,114	(2,130)	0	409,023
67171 - Insurance - Liability	12,170	11,825	345	3	17,254	194,874	130,075	64,798	33	189,790
67172 - Insurance - Public Offic	11,281	11,255	26	0	11,771	145,042	124,757	20,285	14	130,427
67173 - Insurance Miscellaneous	13,211	14,598	(1,387)	(10)	12,384	147,470	172,495	(25,025)	(17)	141,658
Total Insurance	**77,388**	**78,597**	**(1,209)**	**(2)**	**78,593**	**935,370**	**877,442**	**57,928**	**6**	**870,898**

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the eleven months ended May 31, 2017
(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
Employee Development and Suppo										
66120 - Awards - Service	$5,550	$0	$5,550	100	$3,201	$76,550	$52,623	$23,927	31	$26,292
66130 - Book & Periodicals	6,314	5,564	751	12	8,777	66,872	40,520	26,353	39	54,212
66220 - Permits/Certificates/Lic	5,581	(2,566)	8,147	146	3,214	183,216	178,180	5,037	3	121,111
66260 - Recruiting	1,520	1,814	(294)	(19)	2,598	17,730	123,791	(106,061)	(598)	20,936
66280 - Seminars & Training	27,686	19,241	8,445	31	51,768	393,799	329,454	64,344	16	400,550
66290 - Transportation	12,797	10,359	2,439	19	11,608	144,979	126,772	18,208	13	130,041
66299 - OH Contra	(2,639)	(16,423)	13,784	522	(2,822)	(49,406)	(53,300)	3,895	8	(35,365)
66305 - Travel-Employee Developm	19,324	32,546	(13,222)	(68)	13,665	248,537	245,938	2,599	1	249,910
66310 - Tuition	5,000	8,919	(3,919)	(78)	8,050	55,000	29,973	25,027	46	45,431
66320 - Uniforms	8,483	16,468	(7,985)	(94)	6,679	67,315	59,826	7,489	11	64,732
Total Employee Development and Suppo	**89,617**	**75,922**	**13,695**	**15**	**106,738**	**1,204,593**	**1,133,776**	**70,816**	**6**	**1,077,851**
Business Development										
66100 - Advertising	132,082	142,651	(10,569)	(8)	41,241	1,017,537	830,307	187,230	18	301,142
66110 - Allowance for Bad Debts	0	0	0	0	0	7,500	1,735	5,765	77	164,942
66200 - Memberships & Dues	25,862	18,588	7,274	28	34,422	362,322	392,962	(30,640)	(8)	328,155
66230 - Postage & Shipping	3,187	663	2,524	79	962	27,986	15,854	12,132	43	17,053
66240 - Promotional Activities	66,325	159,542	(93,217)	(141)	52,110	644,837	653,675	(8,838)	(1)	569,970
66250 - Promotional Materials	4,264	25,355	(21,090)	(495)	60,219	73,873	101,301	(27,428)	(37)	515,940
66300 - Travel-Business Developm	31,864	17,588	14,276	45	9,734	185,182	184,261	921	0	168,406
Total Business Development	**263,585**	**364,386**	**(100,801)**	**(38)**	**198,688**	**2,319,236**	**2,180,095**	**139,142**	**6**	**2,065,609**
Equipment Rentals and Repairs										
66140 - Computer Licenses & Agre	8,824	31,106	(22,282)	(253)	5,301	321,434	353,543	(32,109)	(10)	188,932
66150 - Equipment Rental/Leasing	17,596	14,590	3,006	17	16,795	257,894	237,213	20,681	8	247,520
66160 - Tenant Improvements	70,000	66,457	3,543	5	(22,854)	835,000	557,768	277,232	33	555,837
66270 - Repairs - Office Equipme	186,185	273,182	(86,997)	(47)	137,591	2,098,091	2,062,482	35,609	2	1,865,091
66279 - OH Contra	(824)	(21,881)	21,058	2,556	(10,365)	(177,354)	(227,713)	50,358	28	(132,985)
Total Equipment Rentals and Repairs	**281,781**	**363,453**	**(81,672)**	**(29)**	**126,467**	**3,335,065**	**2,983,294**	**351,771**	**11**	**2,724,394**
Total Non-Personnel Expenses	**10,333,793**	**10,016,422**	**317,371**	**3**	**11,965,715**	**109,999,660**	**105,424,268**	**4,575,392**	**4**	**100,845,908**
Total Departmental Expenses before Depreciation	**13,934,914**	**13,357,393**	**577,521**	**4**	**15,272,816**	**151,227,413**	**146,805,048**	**4,422,366**	**3**	**139,397,040**

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the eleven months ended May 31, 2017
(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
Depreciation and Amortization										
69110 - Depreciation Expense	$9,421,960	$9,421,960	$0	0	$8,252,088	$85,896,460	$85,896,459	$0	0	$79,074,534
Total Depreciation and Amortization	**9,421,960**	**9,421,960**	**0**	**0**	**8,252,088**	**85,896,460**	**85,896,459**	**0**	**0**	**79,074,534**
Non-Operating Revenue/(Expense)										
Passenger Facility Charges										
71110 - Passenger Facility Charg	4,160,538	4,838,701	678,163	16	3,948,920	38,118,560	38,555,693	437,133	1	36,793,497
Total Passenger Facility Charges	**4,160,538**	**4,838,701**	**678,163**	**16**	**3,948,920**	**38,118,560**	**38,555,693**	**437,133**	**1**	**36,793,497**
Customer Facility Charges										
71120 - Customer facility charges (Con	3,395,027	3,336,178	(58,849)	(2)	2,706,621	33,837,007	33,056,493	(780,514)	(2)	30,378,391
Total Customer Facility Charges	**3,395,027**	**3,336,178**	**(58,849)**	**(2)**	**2,706,621**	**33,837,007**	**33,056,493**	**(780,514)**	**(2)**	**30,378,391**
Quiter Home Program										
71212 - Quieter Home - Labor	0	(11,905)	(11,905)	0	(28,122)	0	(81,611)	(81,611)	0	(324,155)
71213 - Quieter Home - Burden	0	(4,960)	(4,960)	0	(12,077)	0	(33,587)	(33,587)	0	(138,217)
71214 - Quieter Home - Overhead	0	0	0	0	(10,636)	0	(99,109)	(99,109)	0	(201,577)
71215 - Quieter Home - Material	(2,081,980)	(269,054)	1,812,926	87	(1,005,686)	(13,415,586)	(1,979,796)	11,435,790	85	(10,495,964)
71216 - Quieter Home Program	1,665,584	414,828	(1,250,756)	(75)	(146,970)	10,732,469	1,517,947	(9,214,522)	(86)	6,588,343
71217 - Contract Labor	0	0	0	0	(20)	0	(53)	(53)	0	(38,687)
71218 - Contractor Burden	0	0	0	0	(25)	0	(68)	(68)	0	(49,238)
71222 - Contractor Labor	0	0	0	0	0	0	0	0	0	(37,201)
71224 - Joint Studies Overhead	0	0	0	0	0	0	0	0	0	(2,962)
71225 - Joint Studies - Material	(25,000)	0	25,000	100	0	(275,000)	0	275,000	100	(61,196)
Total Quiter Home Program	**(441,396)**	**128,909**	**570,305**	**129**	**(1,203,536)**	**(2,958,117)**	**(676,279)**	**2,281,839**	**77**	**(4,760,853)**
Interest Income										
71310 - Interest - Investments	370,890	466,373	95,483	26	291,644	4,187,627	4,292,994	105,367	3	2,397,281
71340 - Interest - Note Receivab	165,052	165,052	0	0	172,946	1,819,944	1,819,948	4	0	1,908,778
71350 - Interest - Other	0	0	0	0	0	0	3,425	3,425	0	(1,337)
71360 - Interest - Bonds	0	0	0	0	0	0	0	0	0	(2,278)
71361 - Interest Income - 2010 Bonds	0	53,146	53,146	0	32,356	0	524,169	524,169	0	357,865
71363 - Interest Income - 2013 Bonds	0	39,570	39,570	0	26,816	0	386,211	386,211	0	335,740
71365 - Interest Income - 2014 Bond A	0	32,594	32,594	0	32,430	0	330,116	330,116	0	448,415
Total Interest Income	**535,942**	**756,735**	**220,793**	**41**	**556,192**	**6,007,571**	**7,356,863**	**1,349,292**	**22**	**5,444,464**

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the eleven months ended May 31, 2017
(Unaudited)

Print Date: 6/16/2017
Print Time: 12:16:10PM
Report ID: GL0012

	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
Interest income BAB's rebate										
71362 - BAB interest rebate	$385,935	$385,851	$(84)	0	$385,851	$4,245,284	$4,254,858	$9,573	0	$4,257,355
Total Interest income BAB's rebate	**385,935**	**385,851**	**(84)**	**0**	**385,851**	**4,245,284**	**4,254,858**	**9,573**	**0**	**4,257,355**
Interest Expense										
71411 - Interest Expense- 2010 Bonds	(2,559,687)	(2,559,687)	0	0	(2,595,983)	(28,156,561)	(28,156,561)	0	0	(28,555,815)
71412 - Interest Expense 2013 Bonds	(1,529,163)	(1,529,163)	0	0	(1,534,550)	(16,820,788)	(16,820,788)	0	0	(16,880,050)
71413 - Interest Expense 2014 Bond A	(1,361,768)	(1,361,768)	0	0	(1,361,768)	(14,979,443)	(14,979,443)	0	0	(14,979,443)
71420 - Interest Expense-Variable Debt	(37,391)	(65,179)	(27,788)	(74)	(29,187)	(411,299)	(461,825)	(50,527)	(12)	(285,075)
71430 - LOC Fees - C/P	(57,491)	(20,727)	36,764	64	(26,608)	(465,380)	(271,508)	193,872	42	(298,069)
71450 - Trustee Fee Bonds	0	0	0	0	0	(20,800)	(14,411)	6,389	31	(11,995)
71451 - Program Fees - Variable Debt	0	0	0	0	0	(5,000)	0	5,000	100	(3,300)
71458 - Capitalized Interest	0	315,757	315,757	0	1,261,363	0	4,865,294	4,865,294	0	8,960,787
71460 - Interest Expense - Other	0	(45,000)	(45,000)	0	9,720	0	(115,300)	(115,300)	0	(16,000)
71461 - Interest Expense - Cap Leases	(84,040)	(55,439)	28,601	34	(56,978)	(582,676)	(617,014)	(34,338)	(6)	(633,318)
Total Interest Expense	**(5,629,539)**	**(5,321,205)**	**308,334**	**5**	**(4,333,990)**	**(61,441,946)**	**(56,571,557)**	**4,870,389**	**8**	**(52,702,277)**
Amortization										
69210 - Amortization - Premium	343,209	343,209	0	0	350,836	3,810,553	3,810,553	0	0	3,893,037
Total Amortization	**343,209**	**343,209**	**0**	**0**	**350,836**	**3,810,553**	**3,810,553**	**0**	**0**	**3,893,037**
Other Non-Operating Income (Expense)										
71510 - Legal Settlement Income	0	0	0	0	0	0	0	0	0	2,535
71520 - Fixed Asset Disposal-Pro	0	0	0	0	0	0	0	0	0	1,144,086
71521 - Fixed Asset Disposal - L	0	(14,770,491)	(14,770,491)	0	0	0	(14,770,491)	(14,770,491)	0	(78,560)
71530 - Gain/Loss On Investments	0	153,255	153,255	0	(3,882,531)	0	(2,027,210)	(2,027,210)	0	342,637
71540 - Discounts Earned	0	3,683	3,683	0	4,167	0	22,387	22,387	0	19,887
71610 - Legal Settlement Expense	(833)	0	833	100	0	(9,163)	(9,500)	(337)	(4)	(374,632)
71620 - Other non-operating revenue (e	0	2,064	2,064	0	2,605	0	123,554	123,554	0	72,997
71630 - Other Non-Operating Expe	0	0	0	0	(4,000)	0	2,000	2,000	0	(4,000)
73300 - DMJM and Auth OH Clearin	0	0	0	0	0	0	0	0	0	0
Total Other Non-Operating Income (Expense	**(833)**	**(14,611,488)**	**(14,610,655)**	**753,980)**	**(3,879,758)**	**(9,163)**	**(16,659,260)**	**(16,650,097)**	**(181,710)**	**1,124,950**
Total Non-Operating Revenue/(Expense)	**2,748,883**	**(10,143,110)**	**(12,891,993)**	**(469)**	**1,468,864**	**21,609,748**	**13,127,363**	**(8,482,385)**	**(39)**	**(24,428,564)**

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the eleven months ended May 31, 2017
(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
Capital Grant Contribution										
72100 - AIP Grants	$149,667	$143,073	$(6,594)	(4)	$189,188	$1,200,333	$1,805,001	$604,668	50	$10,624,503
Total Capital Grant Contribution	**149,667**	**143,073**	**(6,594)**	**(4)**	**189,188**	**1,200,333**	**1,805,001**	**604,668**	**50**	**10,624,503**
Total Expenses Net of Non-Operating Revenue/ (Expense)	**20,458,323**	**32,779,390**	**(12,321,067)**	**(60)**	**24,804,580**	**214,313,792**	**217,769,143**	**(3,455,350)**	**(2)**	**183,418,507**
Net Income/(Loss)	**(75,524)**	**(11,979,068)**	**(11,903,544)**	**(15,761)**	**(4,432,018)**	**6,792,066**	**9,716,217**	**2,924,152**	**43**	**28,364,430**
Equipment Outlay										
73200 - Equipment Outlay Expendi	(159,200)	(273,841)	(114,641)	(72)	(34,563)	(1,321,350)	(1,284,345)	37,005	3	(966,025)
73299 - Capitalized Equipment Co	0	273,841	273,841	0	34,563	0	1,284,345	1,284,345	0	966,025
Total Equipment Outlay	**(159,200)**	**0**	**159,200**	**100**	**0**	**(1,321,350)**	**0**	**1,321,350**	**100**	**0**

Item 2

SAN DIEGO INTERNATIONAL AIRPORT

LET'S GO.

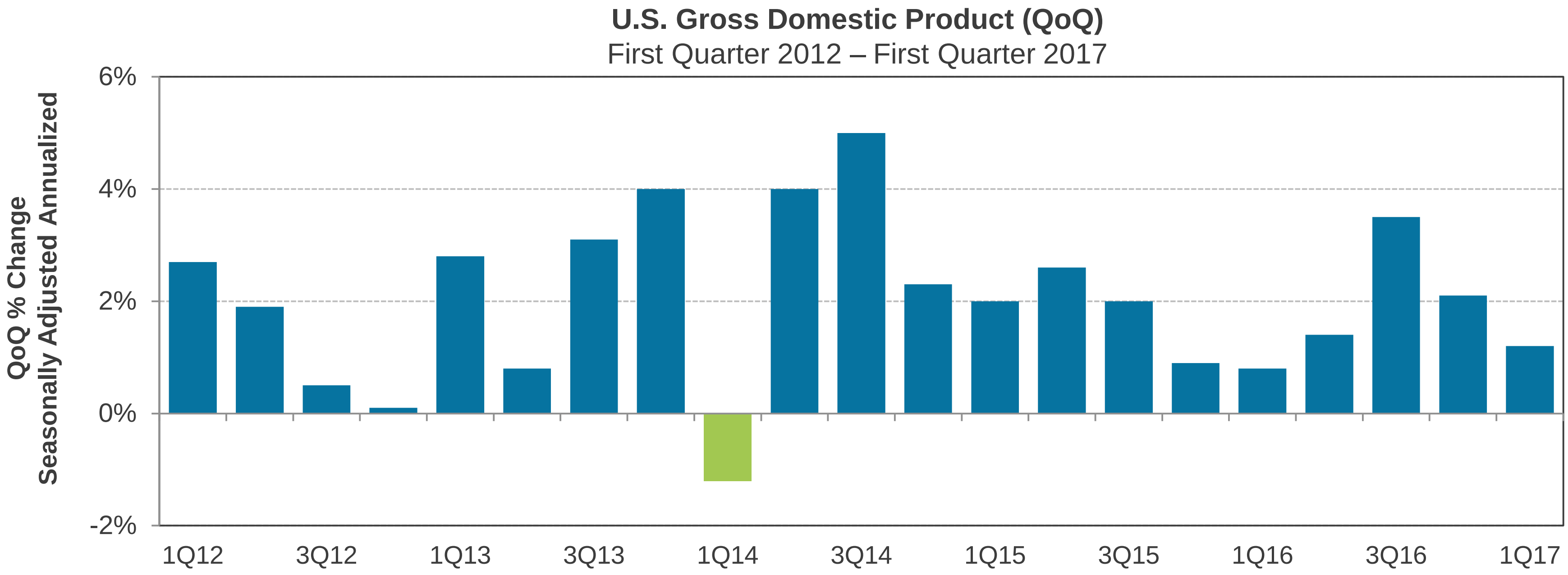
Review of the Unaudited Financial Statements for the Eleven Months Ended May 31, 2017 and 2016

Presented by:
Scott Brickner, CPA
Vice President, Finance and Asset Management/Treasurer
Kathy Kiefer
Senior Director, Finance & Asset Management

June 26, 2017

First Quarter GDP

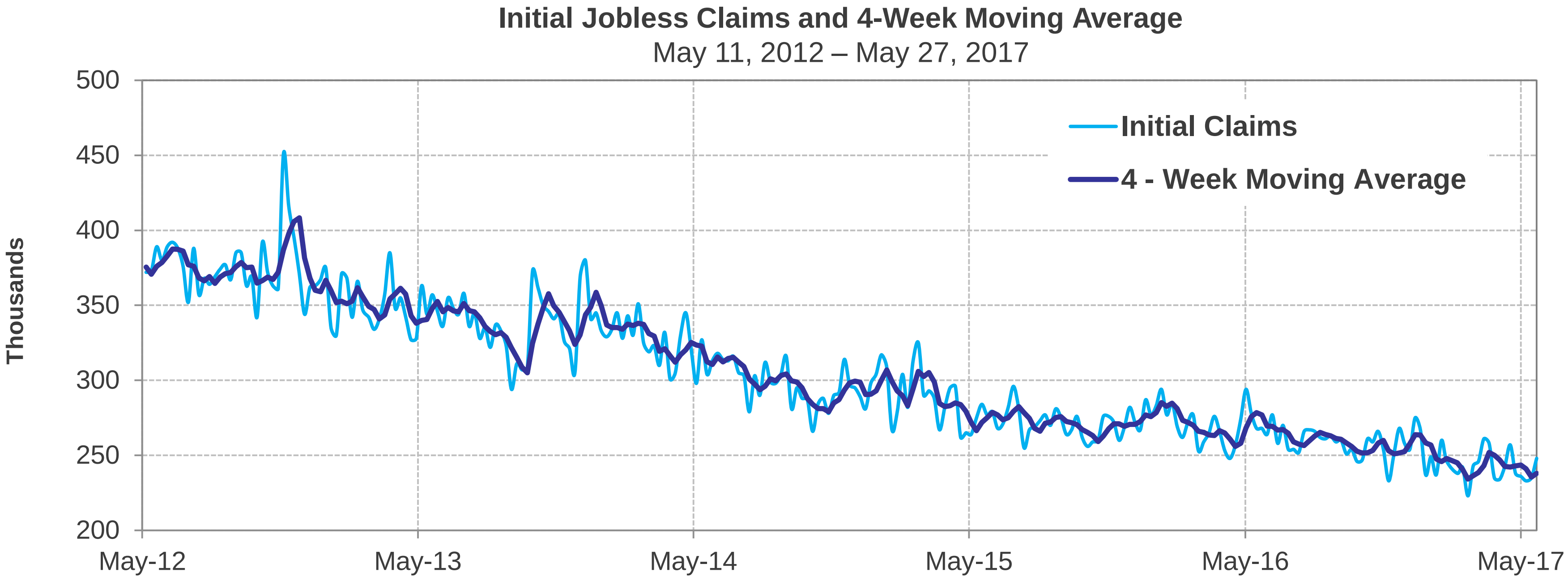
First quarter GDP increased at an annual rate of 1.2% (second estimate) in the first quarter, down from the 2.1% pace of the prior quarter prior. The weakest showing in consumer spending since fourth quarter 2009 held down GDP. The second release is subject to revision (there is an average change of +/- 0.6% between the advance release and the third release).



Source: Bureau Of Economic Analysis.

Initial Claims For Unemployment

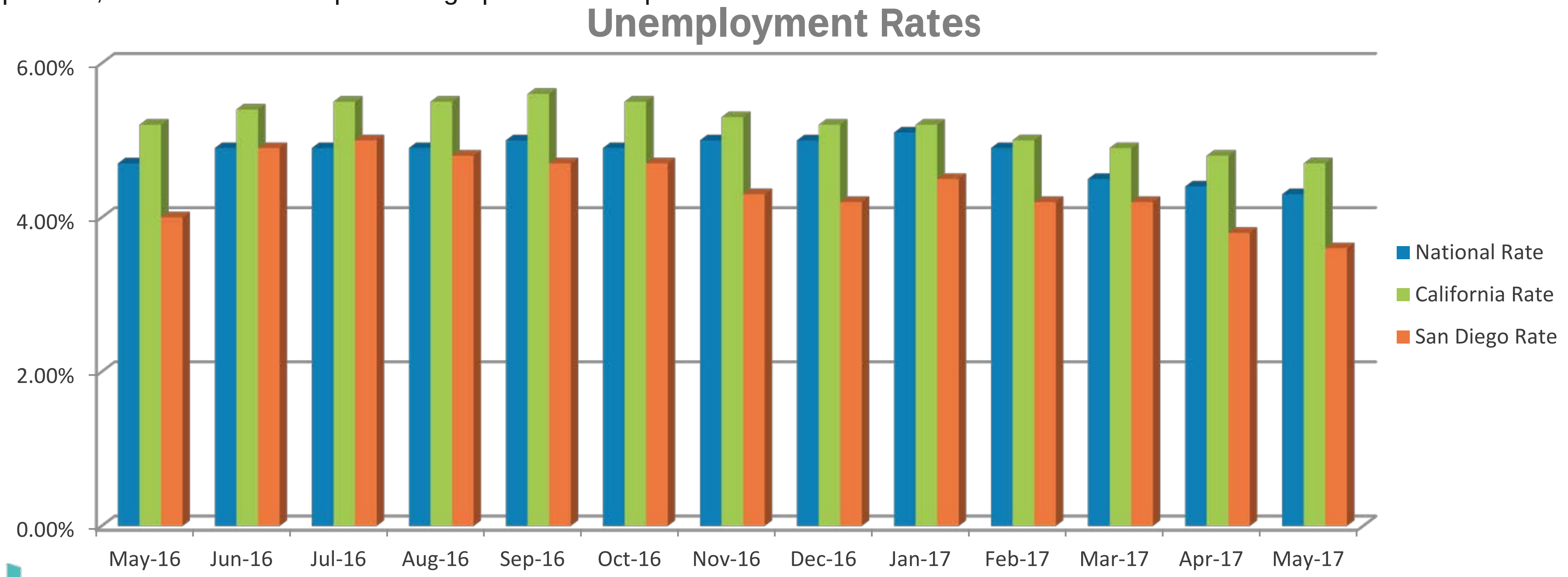
For the week of May 27th, initial claims for unemployment (seasonally adjusted) increased by 13,000 to 248,000. The 4-week moving average, which helps smooth out some of the weekly volatility, increased by 2,500 to 238,000. Unemployment claims remain near their recent lows suggesting continued strength in the job market.



Source: U.S. Department of Labor

Unemployment Rates

The National unemployment rate decreased slightly from 4.4 percent in April to 4.3 percent in May. The National U-6 rate also decreased slightly from 8.6 percent in April to 8.4 percent in May. The California unemployment rate decreased its position at 4.7 percent for the month of May, down 0.1 percentage points from April. Locally, San Diego's unemployment rate lowered to 3.6 percent, a decrease of 0.2 percentage points from April.



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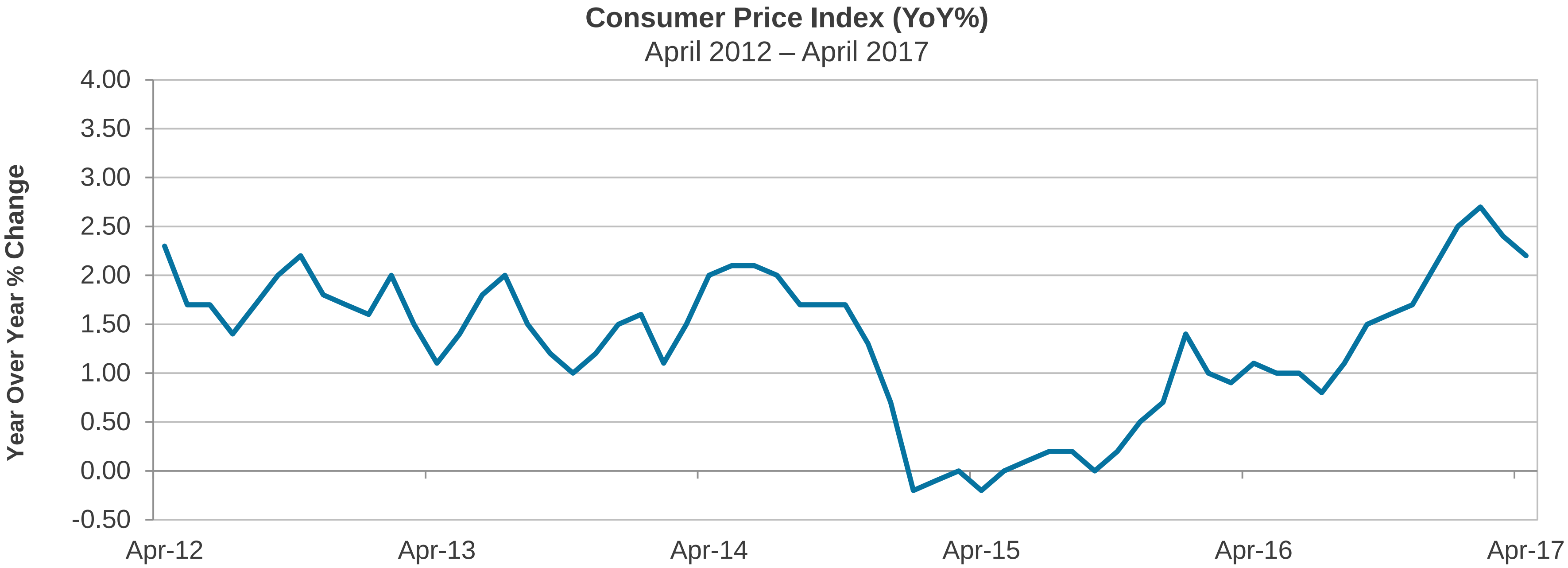
Source: US Dept of Labor, CA EDD

Consumer Price Index

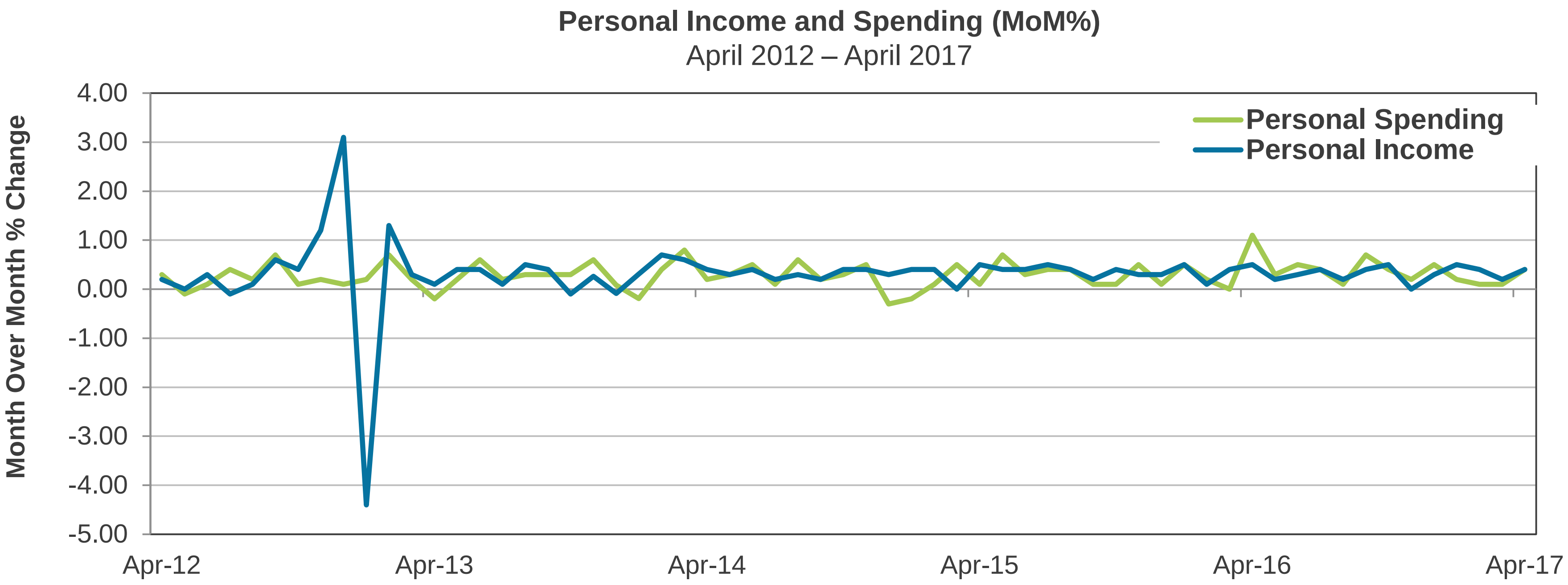
The Consumer Price Index (CPI) for the twelve months ending April rose by 2.20%, down from a 2.40% increase in March. Core CPI, excluding food and energy, was slightly down 1.90% for the twelve months ending April, compared to a 2.00% increase in March.



Source: Bureau Of Economic Analysis

Personal Income and Spending

The overall picture for the consumer strengthened in April. Personal income experienced a 0.40% increase, which was up from a 0.20% increase in March. Consumer spending increased in April by 0.40%, which was up from a 0.10% increase in March.



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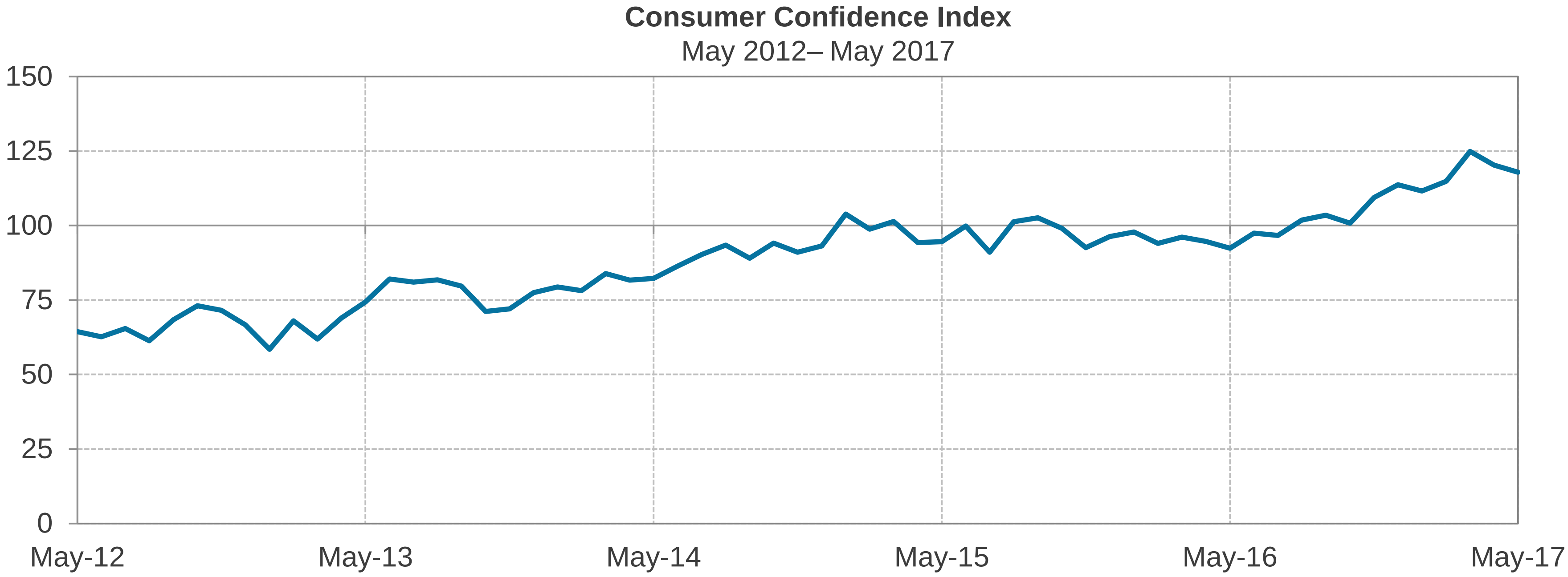
Source: Bureau Of Economic Analysis

Consumer Confidence Index

The Consumer Confidence Index decreased to 117.3 in May, down from 120.3 in April. However consumers remain confident that the economy will continue to expand in the months ahead despite May's decline.



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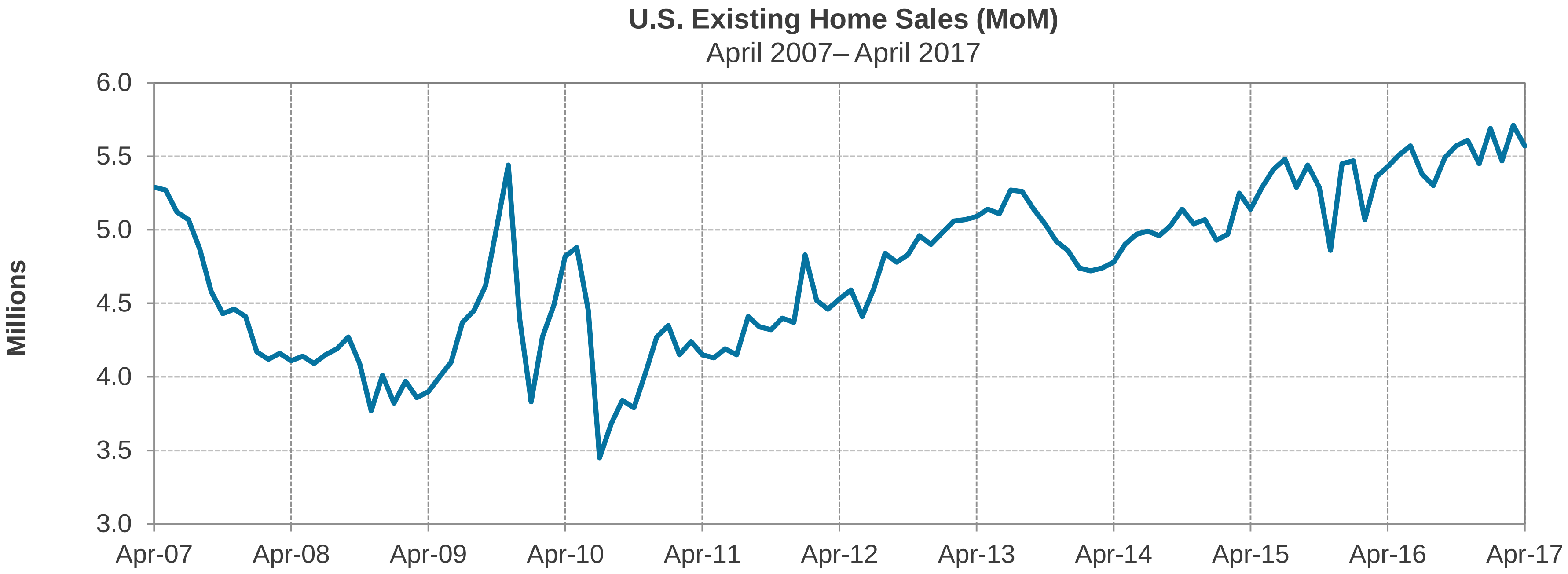
Source: Conference Board. 100=1985.

Existing Home Sales

Existing home sales decreased by 2.2% in April to a seasonally adjusted rate of 5.57 million units. Despite April's decline, sales are still 1.6% higher than a year ago and at the fourth highest pace over the past year.



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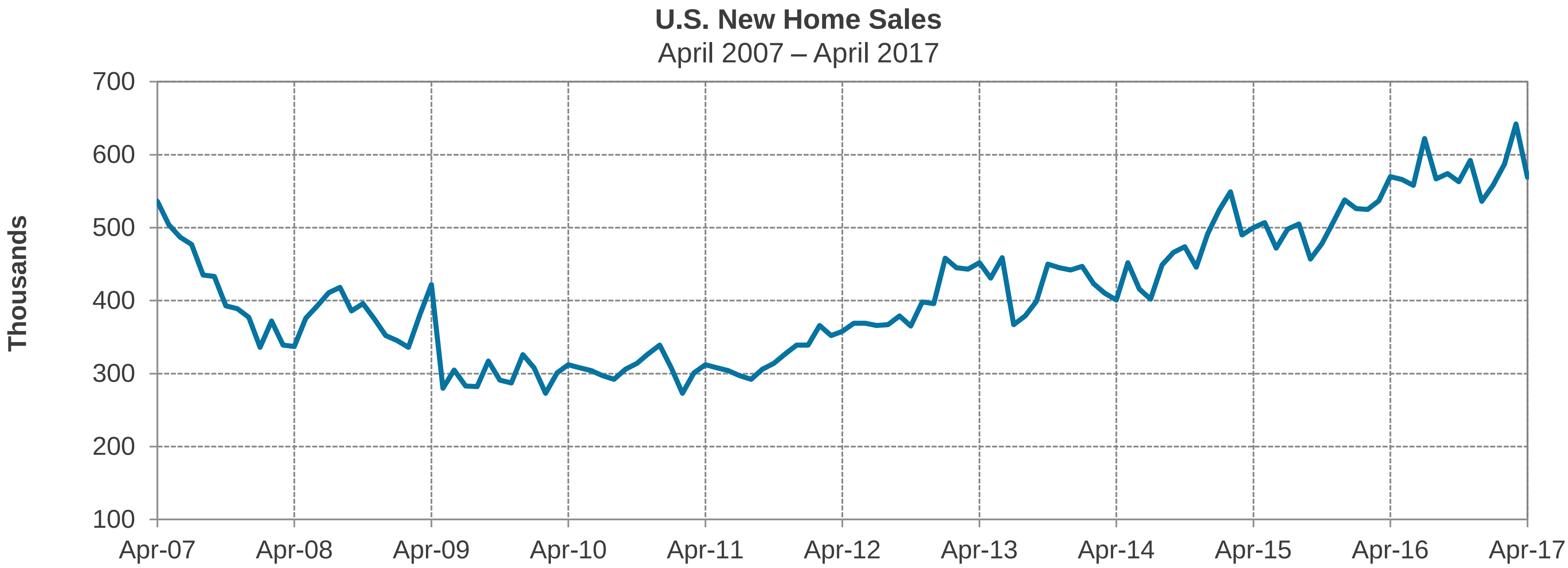
Source: National Association of Realtors

New Home Sales

New homes sales decreased in April to a seasonally adjusted annualized rate of 569,000 units, which was 11.4% below the revised March rate of 642,000 units, but is 0.5% above the April 2016 estimate of 566,000 units.



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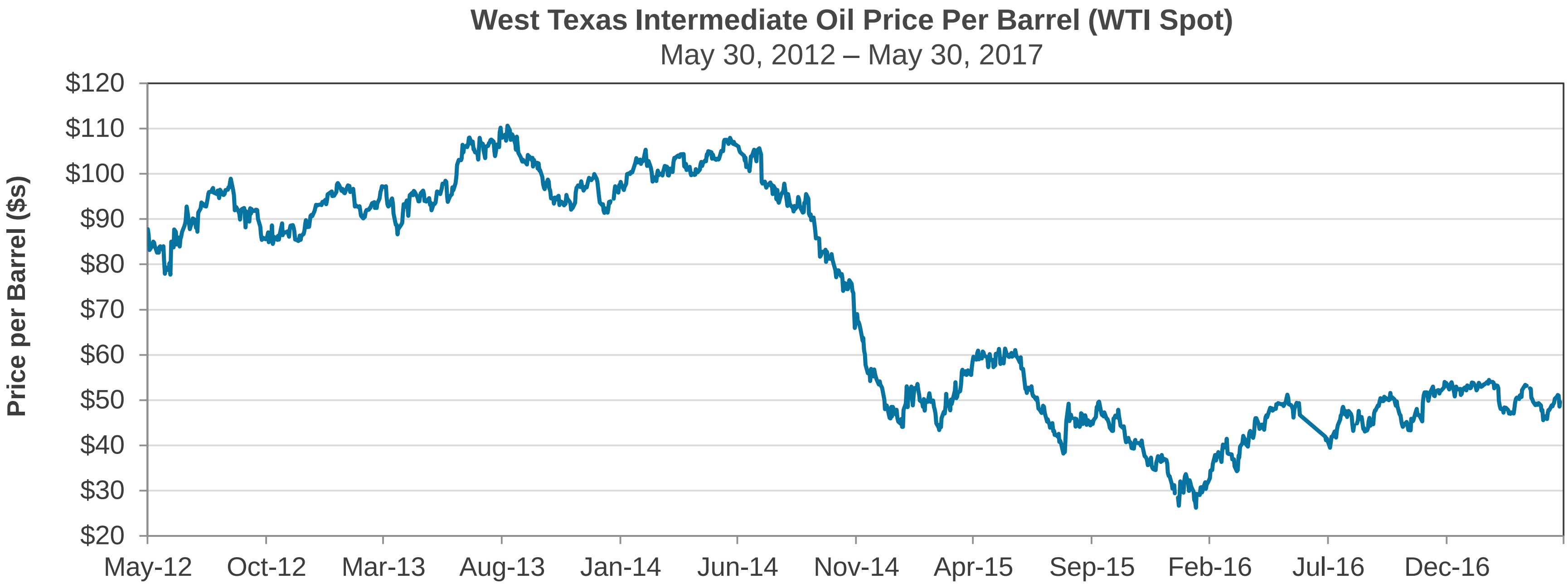
Source: Census Bureau

Crude Oil Prices

Oil (WTI spot) closed at $49.63 on May 30, 2.3% above its 30-day average of $48.51. This month, crude oil is 1.3% above its 12-month average of $48.98.



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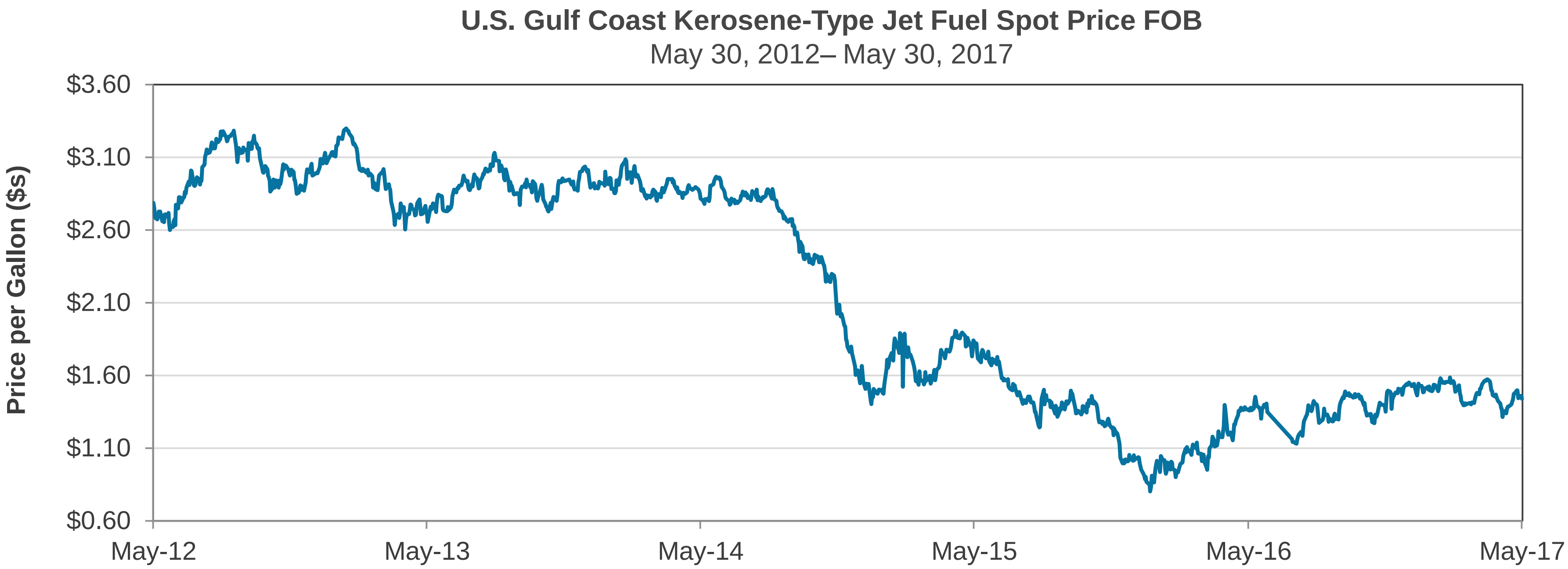
Source: U.S. Energy Information Administration (EIA)

Jet Fuel Prices

Jet fuel (U.S. Gulf Coast Spot) closed at $1.440 on May 30, which was down from its recent highs, but still 1.6% above its 30-day average of $1.417. This month, jet fuel is 1.0% above its 12-month average of $1.425.



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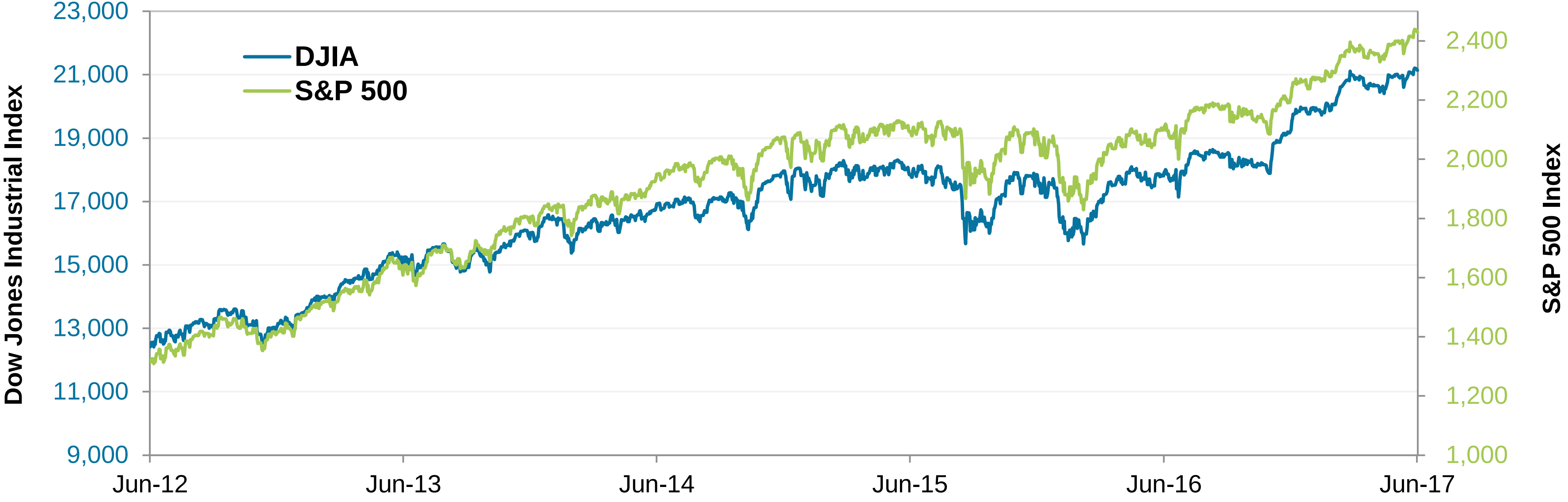
Source: U.S. Energy Information Administration (EIA)

U.S. Equity Markets

Equity markets continue to trend up in 2017, but volatility has increased recently due to uncertainty regarding when and what effect changes in the new Administration's policies will have on the economy. Year-to-date, the DJIA is up 6.95% and the S&P 500 is up 8.51%.

Dow Jones Industrial Average (DJIA) and S&P 500 Indices
June 6, 2012 – June 6, 2017



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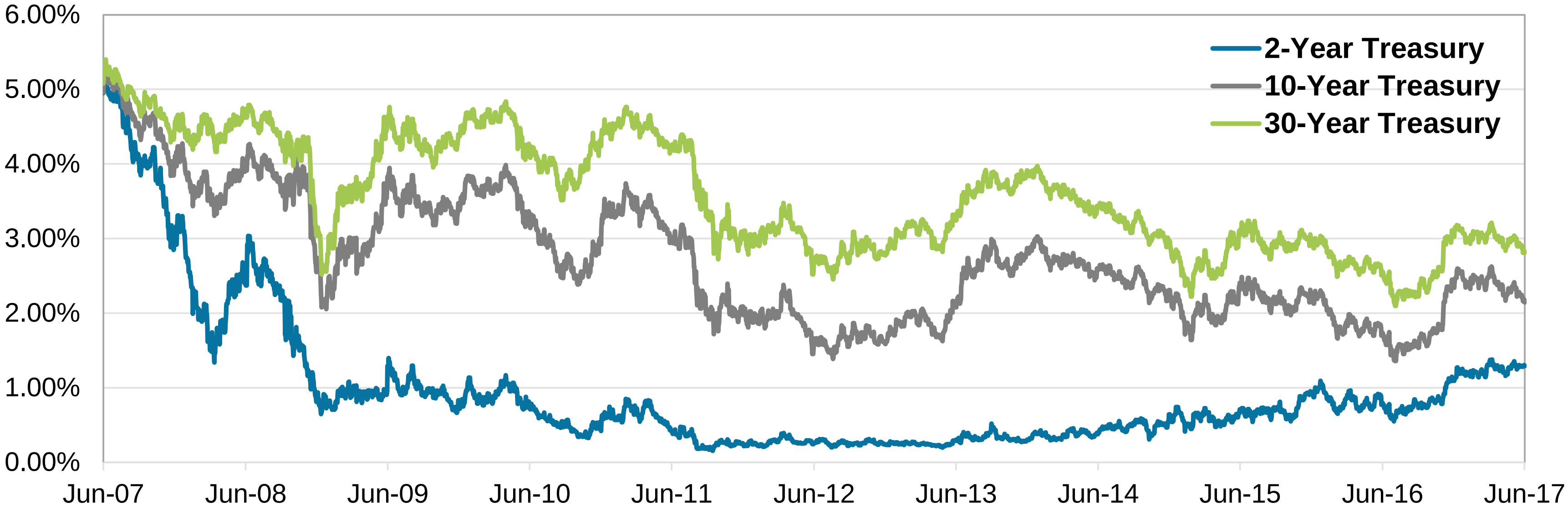
Source: Yahoo Finance

Treasury Yield History

Longer-term Treasury yields, which rose sharply following the Presidential election and the March rate hike, have fallen in the past month due to declining inflation and growth expectations.

2-, 10- and 30-year U.S. Treasury Yields
June 6, 2007 – June 6, 2017

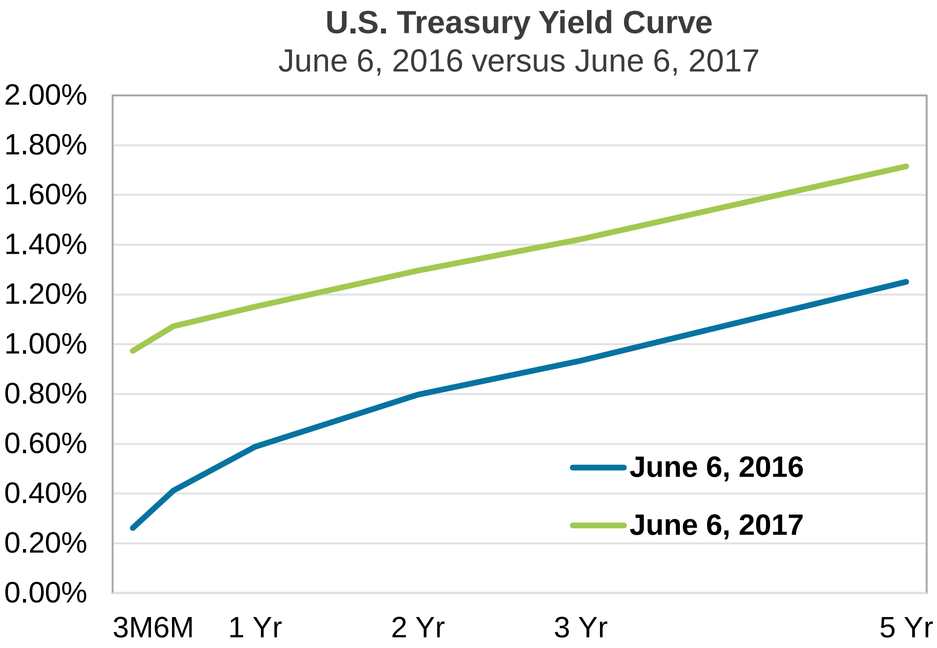


SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Source: U.S. Department of the Treasury.

U.S. Treasury Yield Curve

Treasury rates surged following the U.S. elections, though longer maturities have declined recently alongside future inflation expectations. The rate hikes in December 2016 and March 2017 propelled the shorter end of the curve to move higher. Overall, Treasury yields are well above prior year levels.



	6/6/16	6/6/17	Change
3-Mo.	0.26%	0.97%	0.71%
6-Mo.	0.41%	1.07%	0.66%
1-Yr.	0.59%	1.15%	0.56%
2-Yr.	0.80%	1.30%	0.50%
3-Yr.	0.93%	1.42%	0.49%
5-Yr.	1.25%	1.72%	0.46%
10-Yr.	1.74%	2.15%	0.41%
30-Yr.	2.56%	2.81%	0.25%

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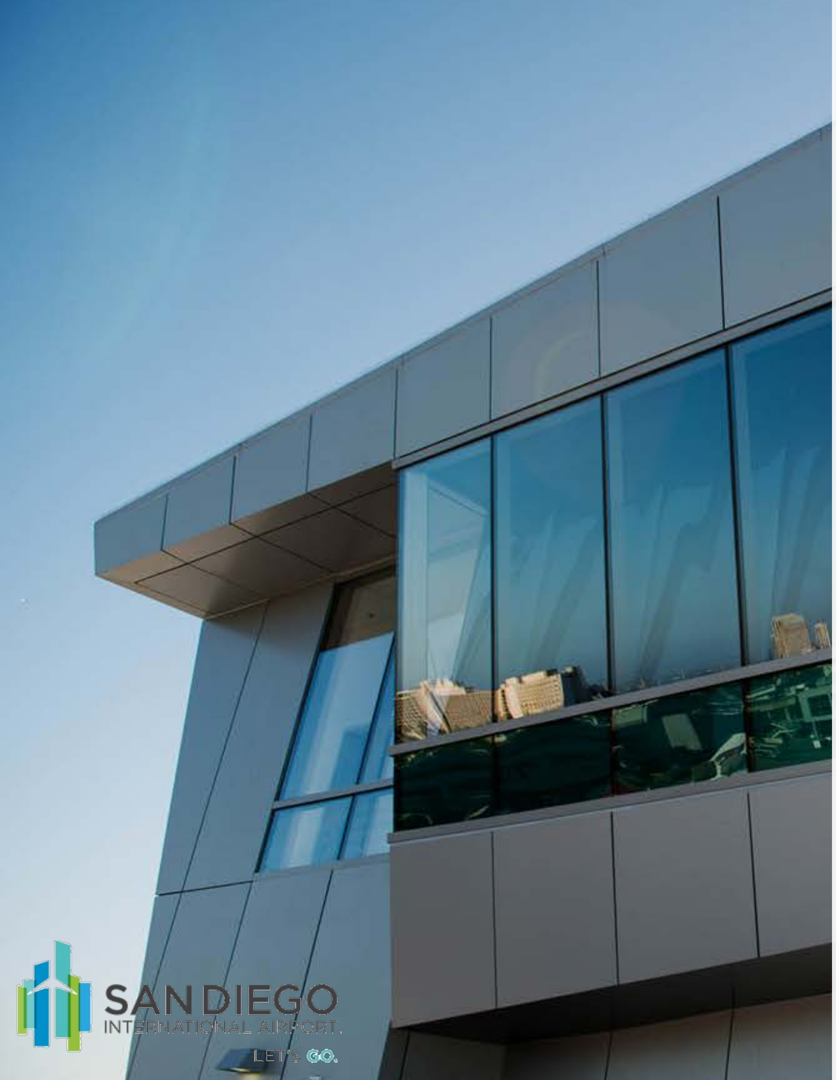
Source: U.S. Department of the Treasury



Revenue & Expenses (Unaudited)
For the Month Ended
May 31, 2017 and 2016

SAN DIEGO
INTERNATIONAL AIRPORT.
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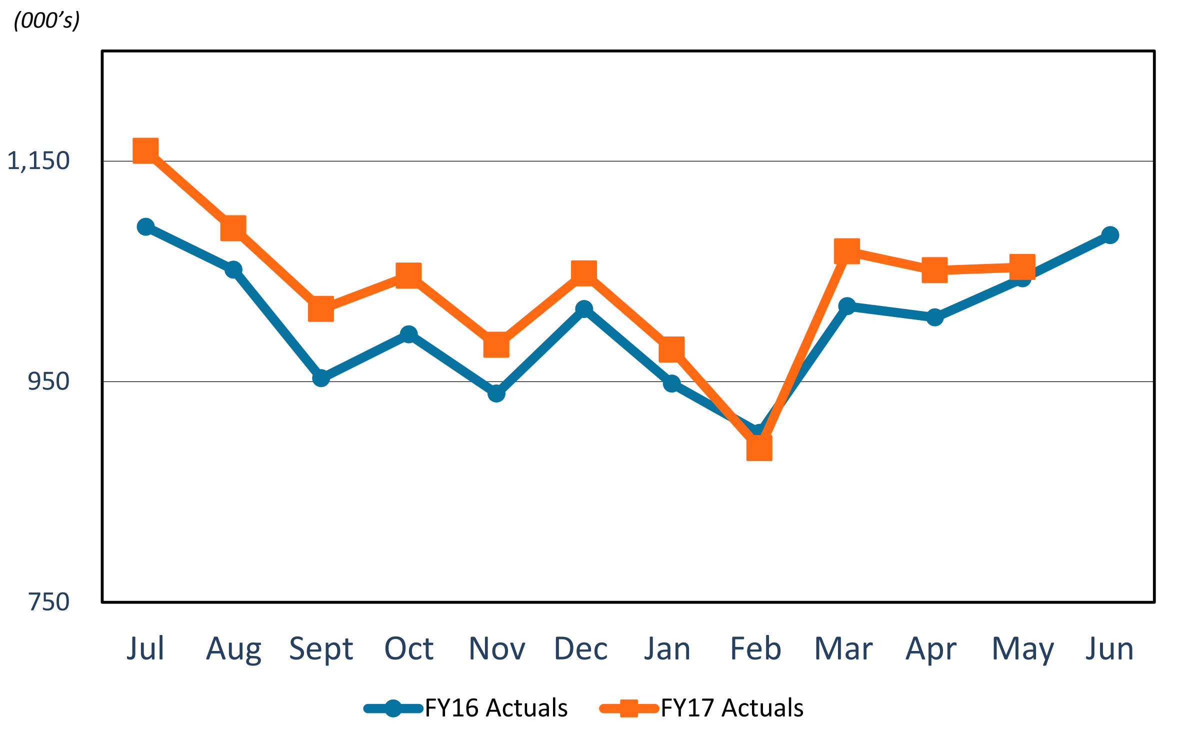
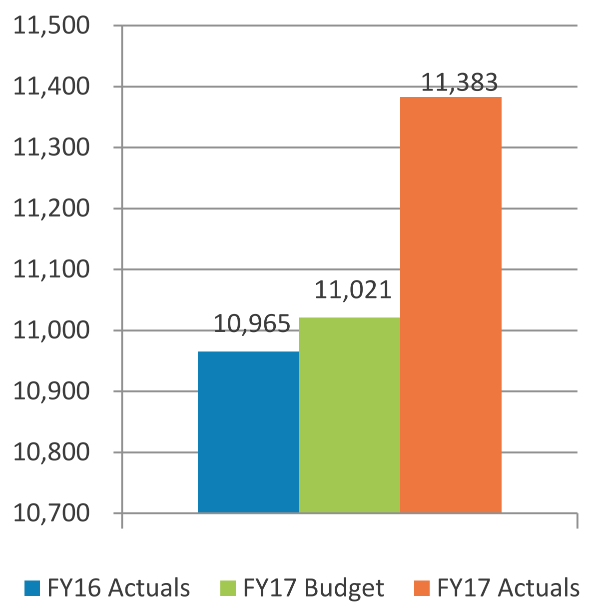
Gross Landing Weight Units (000 lbs)



FY17 YTD Act Vs.
FY16 YTD Act
3.8%

FY17 YTD Act Vs.
FY17 YTD Budget
3.3%



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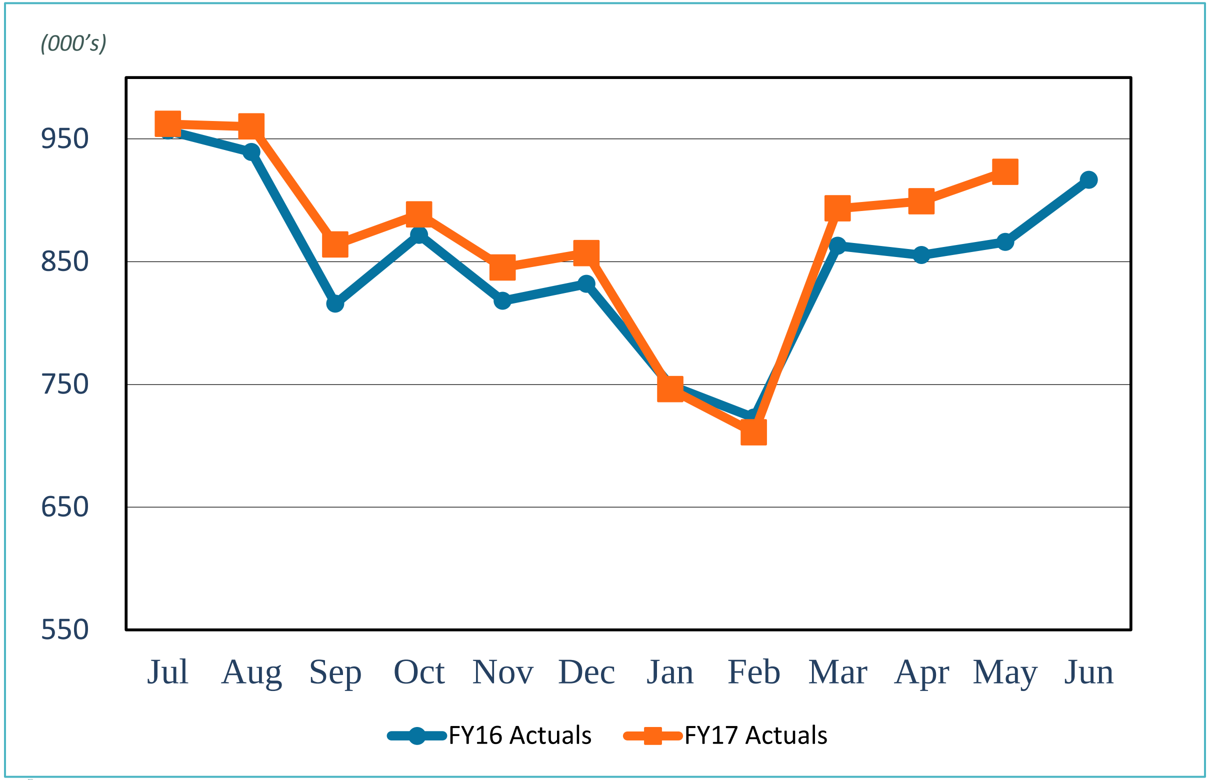
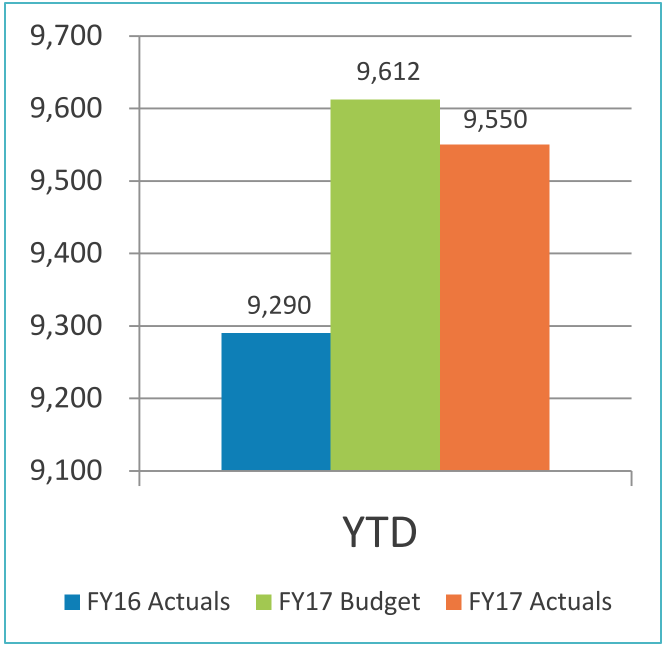
Enplanements



FY17 YTD Act Vs. FY16 YTD Act	FY17 YTD Act Vs. FY17 YTD Budget
2.8%	-0.6%



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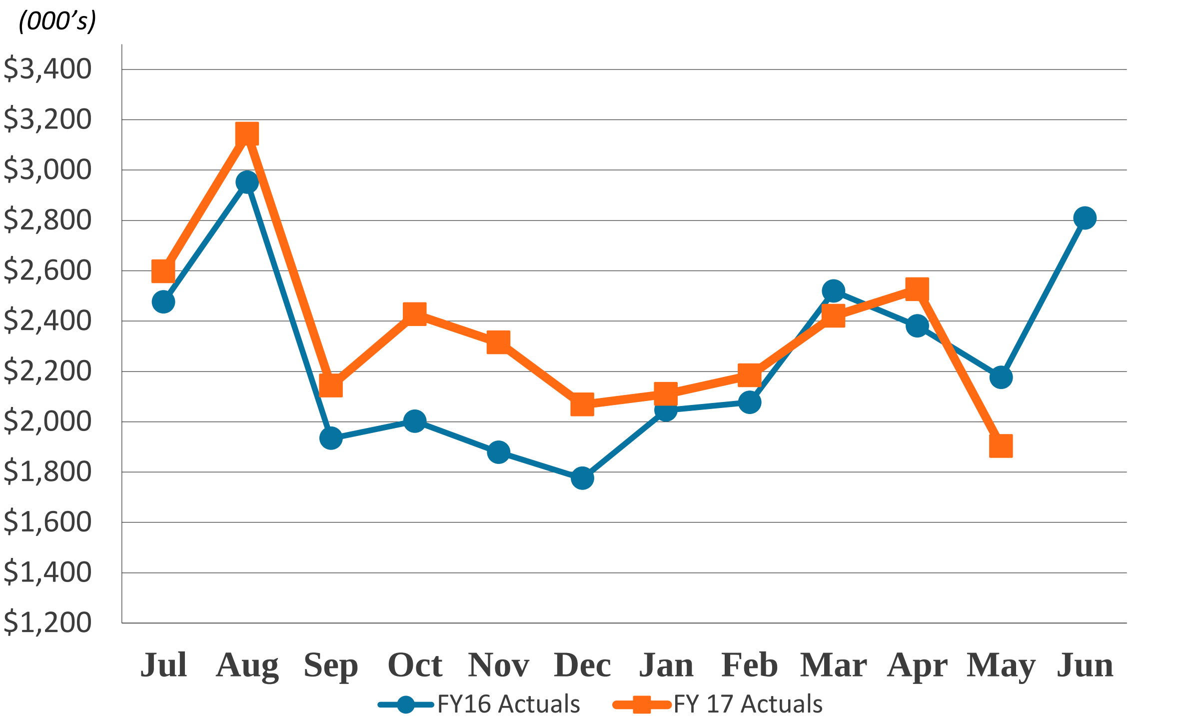
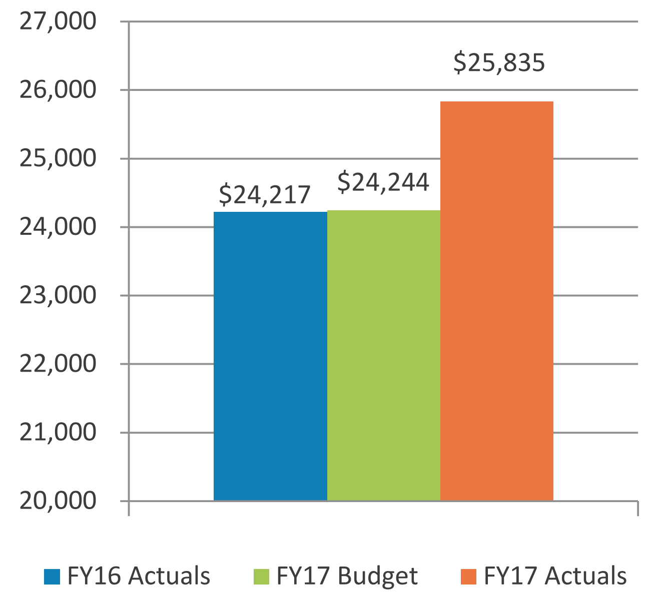
Car Rental License Fees



FY17 YTD Act Vs.
FY16 YTD Act
6.6%

FY17 YTD Act Vs.
FY17 YTD Budget
6.5%



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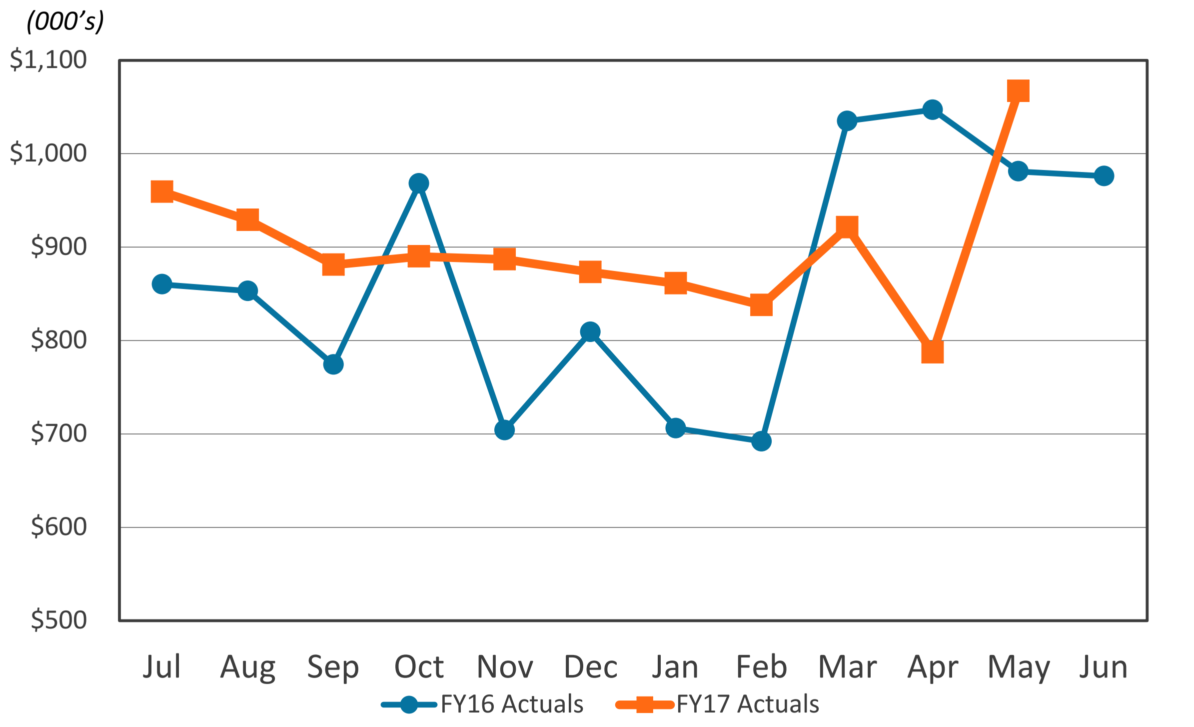
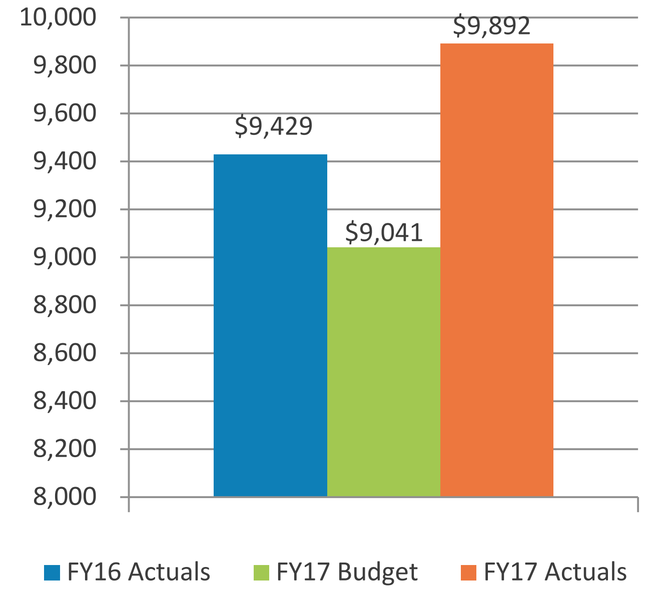
Food and Beverage Concessions Revenue



FY17 YTD Act Vs. FY16 YTD Act	FY17 YTD Act Vs. FY17 YTD Budget
4.9%	9.4%



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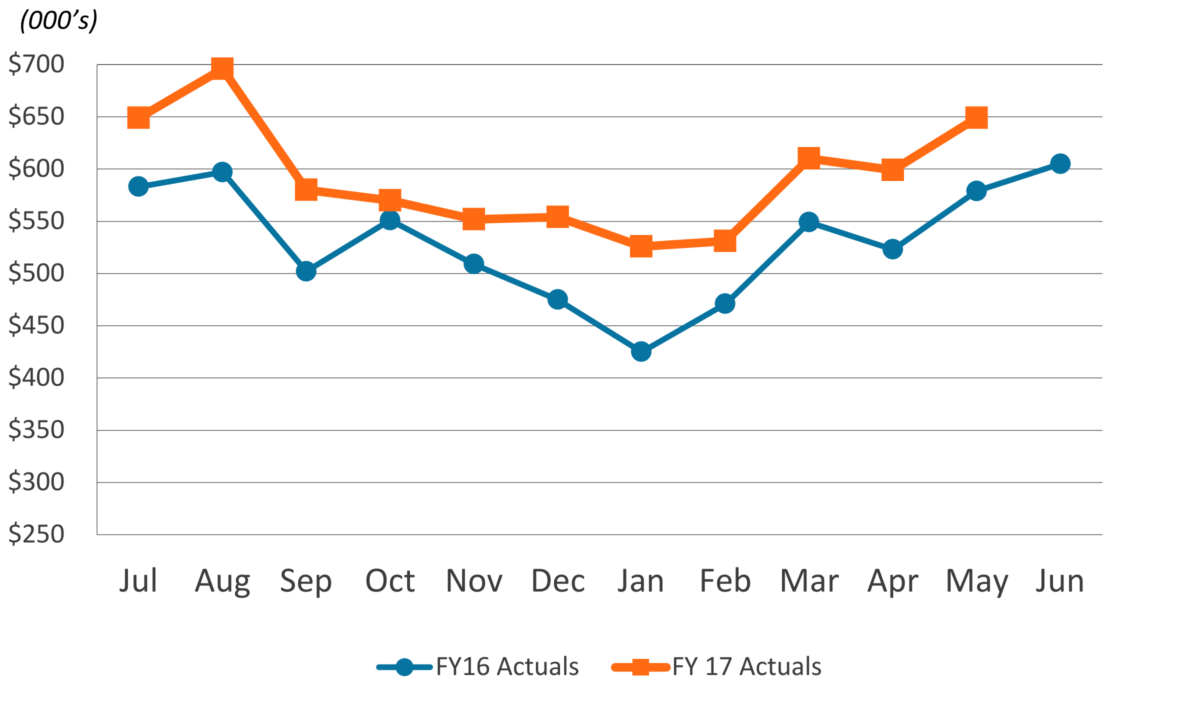
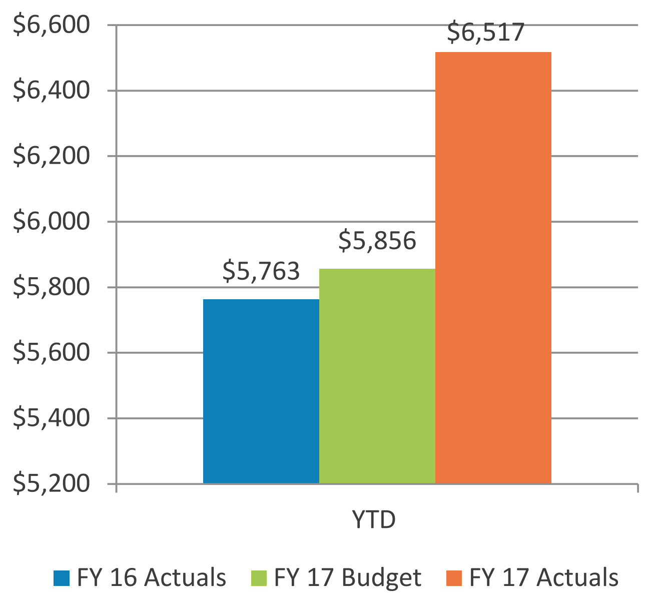
Retail Concessions Revenue



FY17 YTD Act Vs. FY16 YTD Act	FY17 YTD Act Vs. FY17 YTD Budget
13.0%	11.2%



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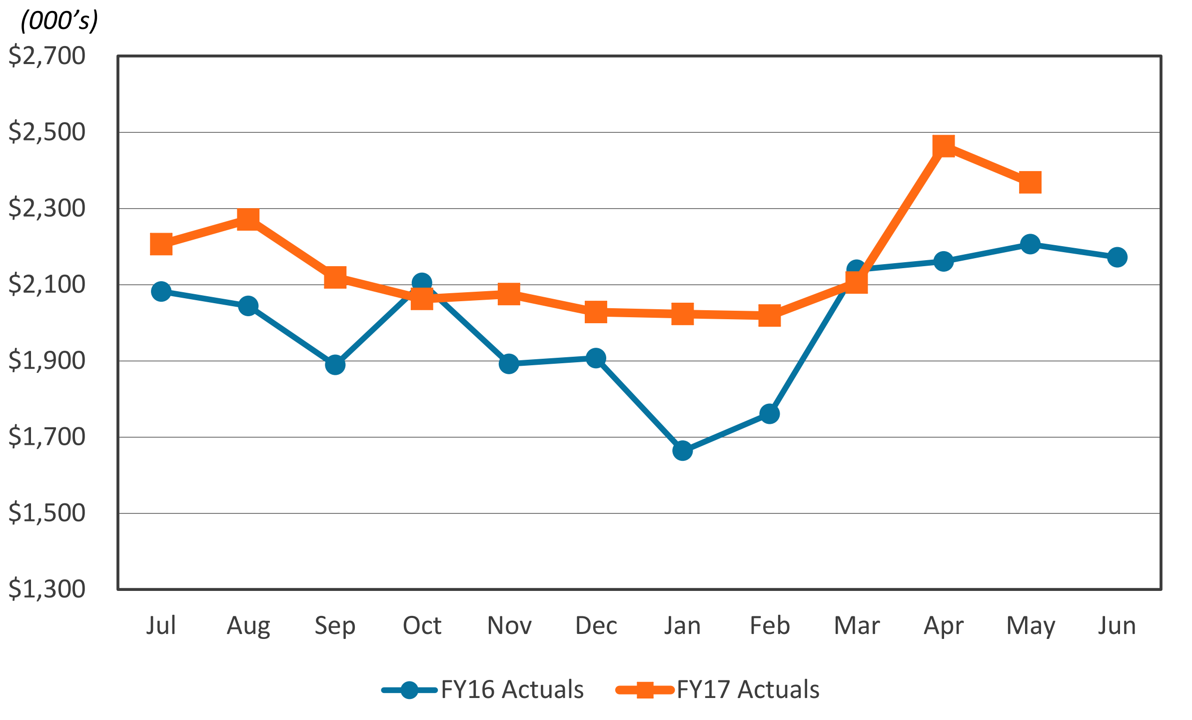
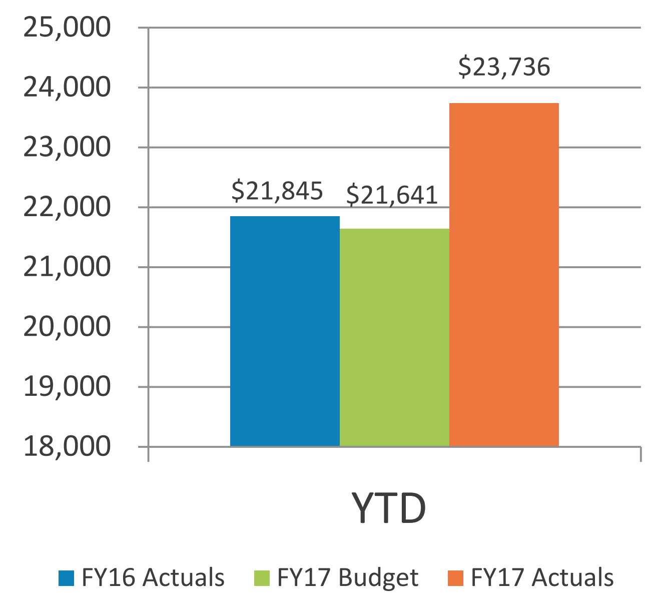
Total Terminal Concessions (Includes Cost Recovery)



FY17 YTD Act Vs.
FY16 YTD Act
8.6%

FY17 YTD Act Vs.
FY17 YTD Budget
9.6%



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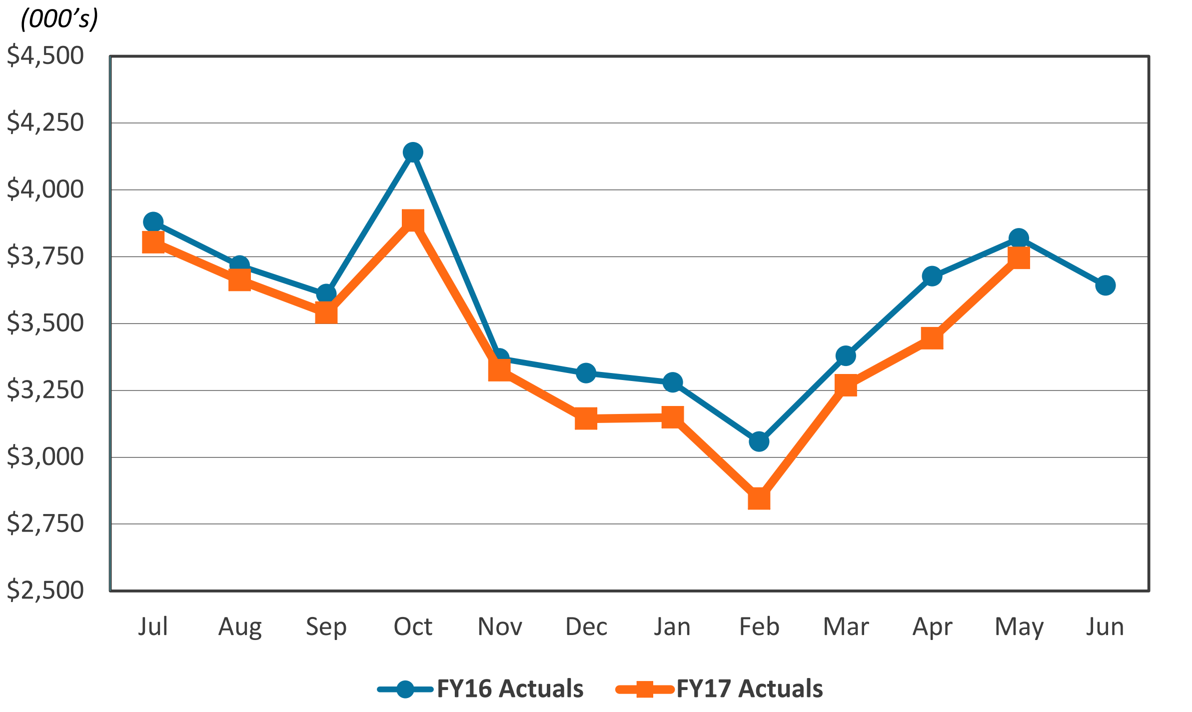
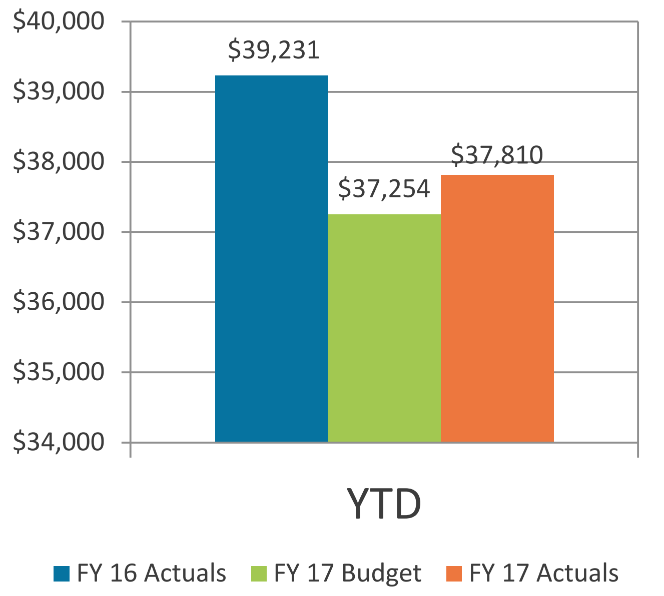
Parking Revenue



FY17 YTD Act Vs. FY16 YTD Act -3.7%

FY17 YTD Act Vs. FY17 YTD Budget 1.5%



SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Operating Revenues
for the Month Ended May 31, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Aviation revenue:					
Landing fees	$ 2,281	$ 2,403	$ 122	5%	$ 2,233
Aircraft parking fees	242	242	-	-	226
Building rentals	4,580	4,681	101	2%	4,488
Security surcharge	2,488	2,493	5	-	2,305
CUPPS Support Charges	104	104	-	-	101
Other aviation revenue	134	132	(2)	(1)%	138
Total aviation revenue	$ 9,829	$ 10,055	$ 226	2%	$ 9,491

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Operating Revenues for the Month Ended May 31, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	$ 103	$ 130	$ 27	26%	$ 110
Concession revenue:					
Terminal concession revenue:					
Food and beverage	867	1,067	200	23%	981
Retail	563	649	86	15%	579
Space storage	72	73	1	1%	71
Cost recovery	252	267	15	6%	215
Other *(Primarily advertising)*	309	312	3	1%	360
Total terminal concession revenue	2,063	2,368	305	15%	2,206
Car rental and license fee revenue:					
Rental car and license fees	2,110	1,903	(207)	(10)%	2,176
Rental car center cost recovery	183	(224)	(407)	(222)%	148
License fees-other	369	442	73	20%	354
Total rental car and license fees	2,662	2,121	(541)	(20)%	2,678
Total concession revenue	$ 4,725	$ 4,489	$ (236)	(5)%	$ 4,884

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Operating Revenues for the Month Ended May 31, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Parking revenue:					
Short-term parking revenue	$ 1,949	$ 2,235	$ 286	15%	$ 2,281
Long-term parking revenue	1,645	1,510	(135)	(8)%	1,537
Total parking revenue	3,594	3,745	151	4%	3,818
Ground transportation permits and citations	502	678	176	35%	415
Ground rentals	1,549	1,548	(1)	-	1,536
Grant reimbursements	19	121	102	537%	25
Other operating revenue	63	34	(29)	(46)%	95
Subtotal	5,727	6,126	399	7%	5,889
Total operating revenues	$ 20,384	$ 20,800	$ 416	2%	$20,374

SAN DIEGO INTERNATIONAL AIRPORT.
LET'S GO.

Operating Expenses
for the Month Ended May 31, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating expenses:					
Salaries and benefits	$ 3,601	$ 3,341	$ 260	7%	$ 3,307
Contractual services	3,815	3,887	(72)	(2)%	3,956
Safety and security	2,423	2,322	101	4%	3,593
Space rental	849	849	-	-	868
Utilities	1,001	1,043	(42)	(4)%	1,011
Maintenance	1,469	975	494	34%	1,938
Equipment and systems	20	10	10	50%	42
Materials and supplies	44	49	(5)	(11)%	48
Insurance	77	79	(2)	(3)%	79
Employee development and support	90	76	14	16%	107
Business development	264	364	(100)	(38)%	199
Equipment rental and repairs	282	363	(81)	(29)%	126
Total operating expenses	$ 13,935	$ 13,358	$ 577	4%	$15,274

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Financial Summary
for the Month Ended May 31, 2017 (Unaudited)

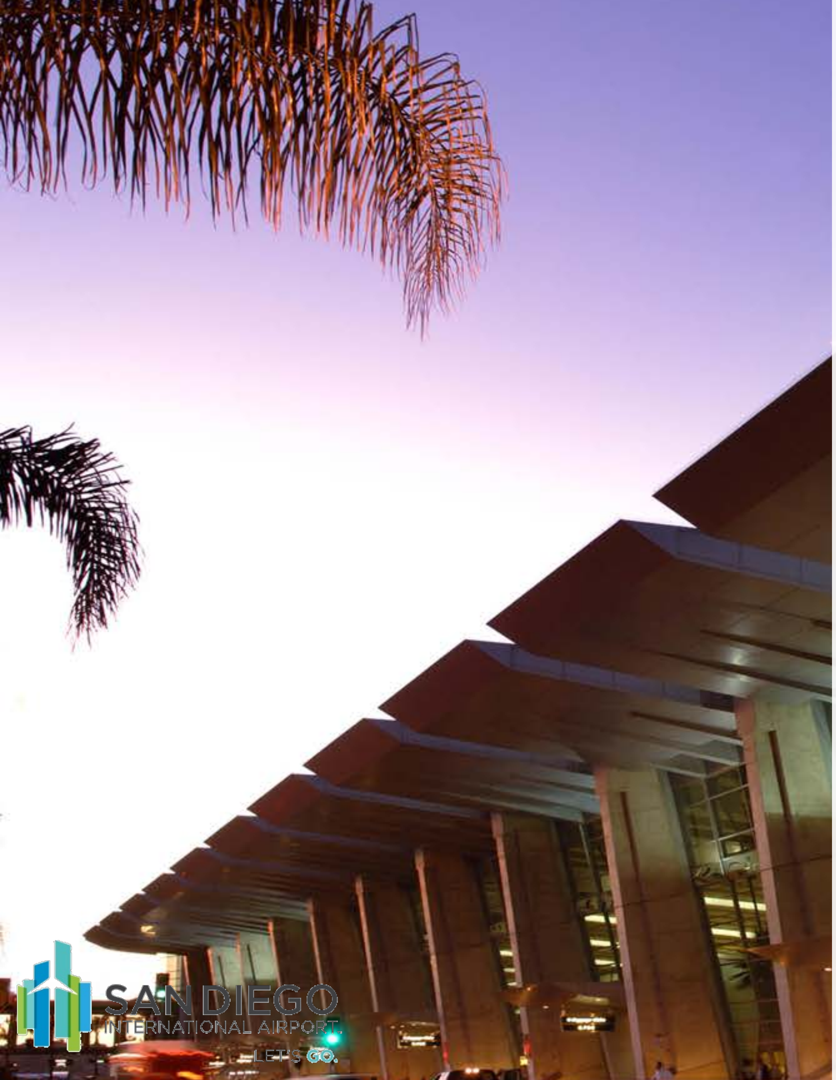
(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	$ 20,384	$ 20,800	$ 416	2%	$20,374
Total operating expenses	13,935	13,358	577	4%	15,274
Income from operations	6,449	7,442	993	15%	5,100
Depreciation	9,422	9,422	-	-	8,252
Operating income (loss)	$ (2,973)	$ (1,980)	$ 993	33%	$ (3,152)

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Nonoperating Revenues & Expenses for the Month Ended May 31, 2017 (Unaudited)

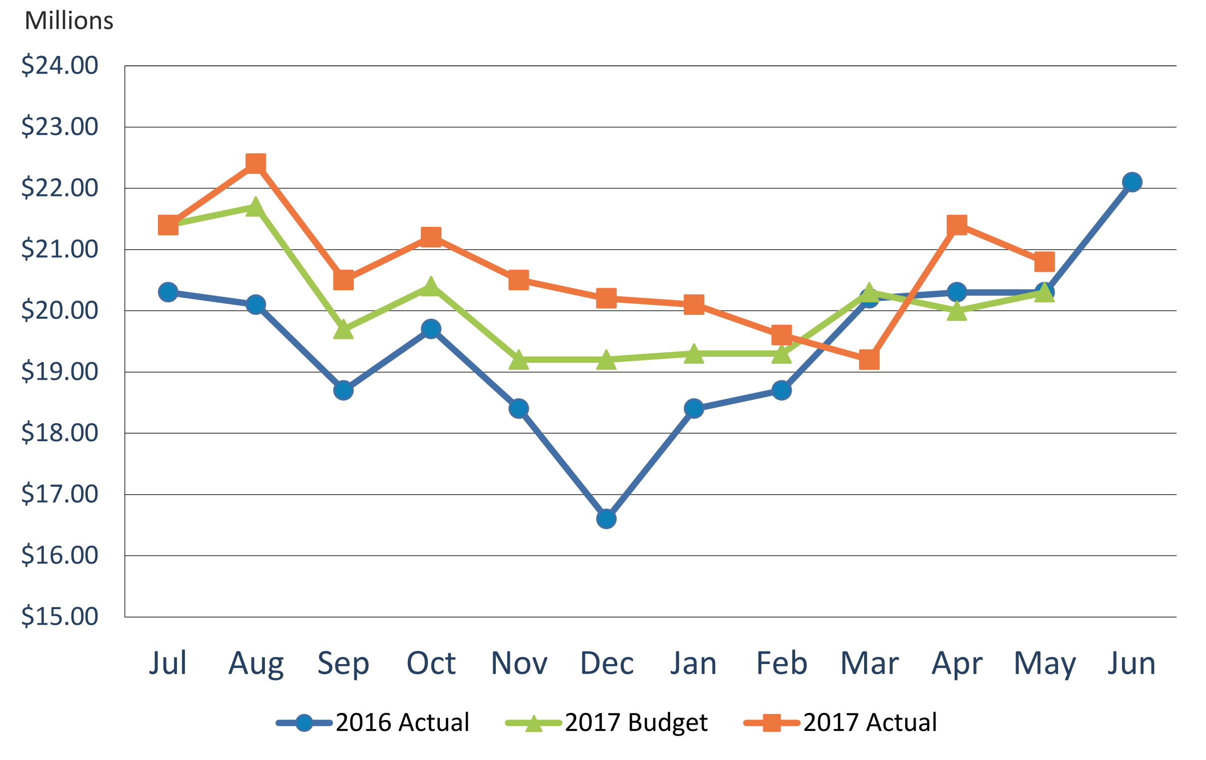
(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Nonoperating revenues (expenses):					
Passenger facility charges	$ 4,161	$ 4,839	$ 678	16%	$ 3,949
Customer facility charges (Rental Car Center)	3,395	3,336	(59)	(2)%	2,707
Quieter Home Program, net	(441)	129	570	129%	(1,204)
Interest income	536	757	221	41%	556
BAB interest rebate	386	386	-	-	386
Interest expense & debt issuance costs	(5,630)	(5,321)	309	5%	(4,334)
Bond amortization	343	343	-	-	351
Other nonoperating revenue (expenses)	(1)	(14,611)	(14,610)	-	(3,880)
Nonoperating revenue, net	2,749	(10,142)	(12,891)	-	(1,469)
Change in net position before grant contributions	(224)	(12,122)	(11,898)		(4,621)
Capital grant contributions	150	143	(7)	(5)%	189
Change in net position	$ (74)	$ (11,979)	$ (11,905)	-	$ (4,432)

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.



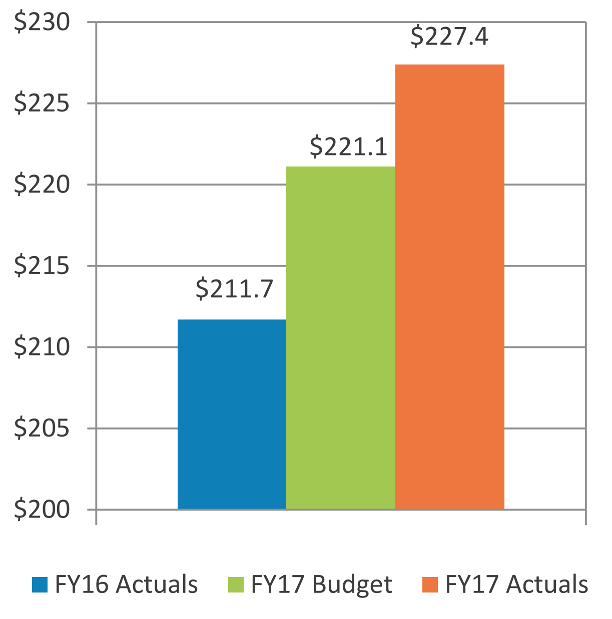
Revenue & Expense (Unaudited)
For the Eleven Months Ended May 31, 2017 and 2016

Operating Revenue (Unaudited)



FY17 YTD Act Vs. FY16 YTD Act 7.4%

FY17 YTD Act Vs. FY17 YTD Budget 2.8%



SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Operating Revenues
for the Eleven Months Ended May 31, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Aviation revenue:					
Landing fees [1]	$ 24,218	$ 23,630	$ (588)	(2)%	$ 23,031
Aircraft parking fees	2,665	2,665	-	-	2,475
Building rentals	50,345	50,540	195	-	48,785
Security surcharge	27,369	27,345	(24)	-	24,569
CUPPS Support Charges	1,141	1,140	(1)	-	1,106
Other aviation revenue	1,481	1,481	-	-	1,471
Total aviation revenue	$ 107,219	$ 106,801	$ (418)	-	$101,437

[1] Includes $1.4 M reduction in rates, fees and charges on landing fees due to operating expense savings for first nine months, recorded March 2017.

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

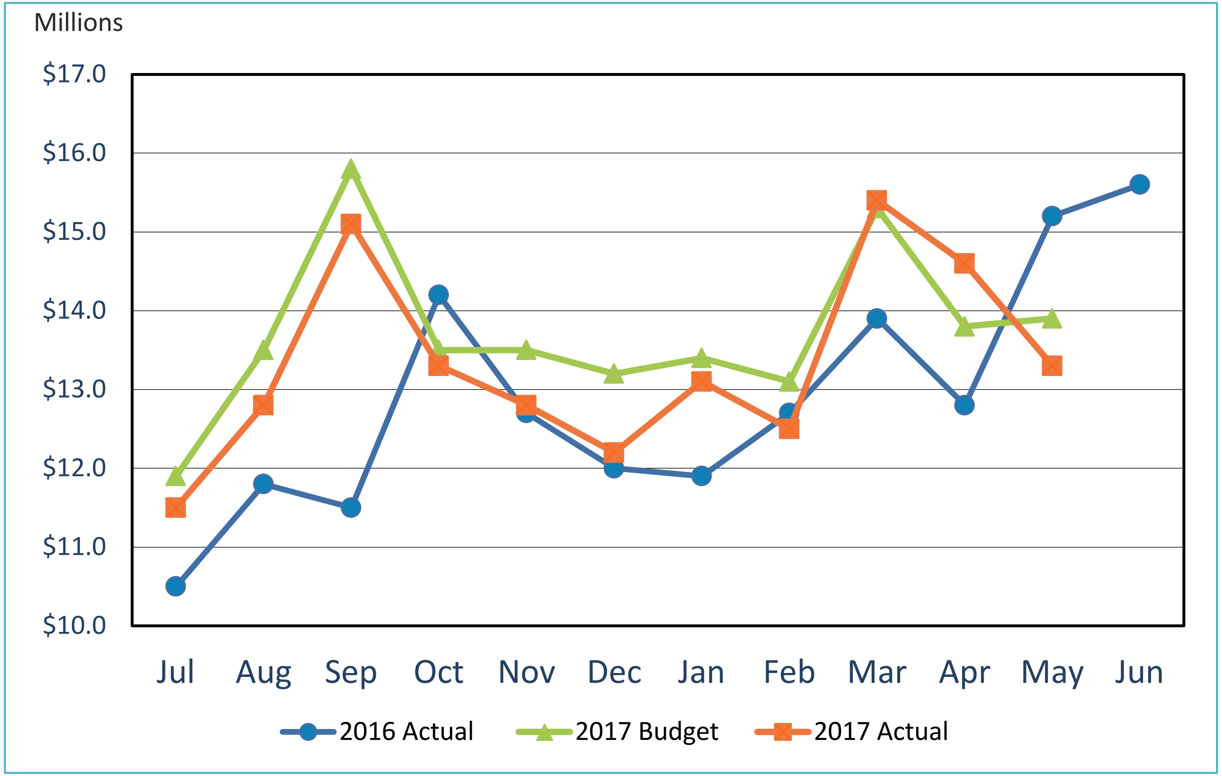
Operating Revenues for the Eleven Months Ended May 31, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	$ 1,139	$ 1,418	$ 279	24%	$ 921
Concession revenue:					
Terminal concession revenue:					
Food and beverage	9,041	9,892	851	9%	9,429
Retail	5,856	6,517	661	11%	5,763
Space storage	792	798	6	1%	784
Cost recovery	2,623	2,374	(249)	(9)%	2,312
Other *(Primarily advertising)*	3,329	4,155	826	25%	3,557
Total terminal concession revenue	21,641	23,736	2,095	10%	21,845
Car rental and license fee revenue:					
Rental car license fees	24,244	25,835	1,591	7%	24,217
Rental car center cost recovery	2,012	1,618	(394)	(20)%	643
License fees-other	3,977	4,411	434	11%	3,999
Total rental car and license fees	30,233	31,864	1,631	5%	28,859
Total concession revenue	$ 51,874	$ 55,600	$ 3,726	7%	$ 50,704

Operating Revenues for the Eleven Months Ended May 31, 2017 (Unaudited)

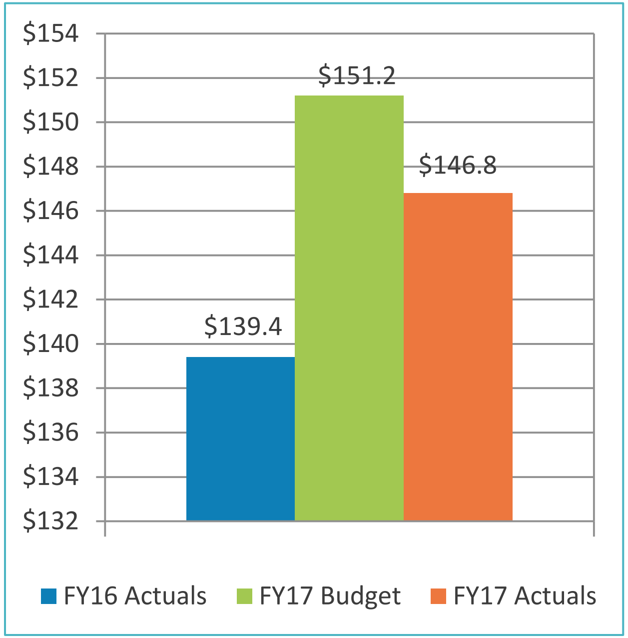
(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Parking revenue:					
Short-term parking revenue	$ 21,725	$ 21,594	$ (131)	(1)%	$ 24,219
Long-term parking revenue	15,529	16,216	687	4%	15,012
Total parking revenue	37,254	37,810	556	1%	39,231
Ground transportation permits and citations	5,692	7,296	1,604	28%	4,761
Ground rentals	17,034	16,949	(85)	-	13,659
Grant reimbursements	202	268	66	33%	269
Other operating revenue	690	1,345	655	95%	800
Subtotal	60,872	63,668	2,796	5%	58,720
Total operating revenues	$ 221,104	$ 227,487	$ 6,383	3%	$211,782

Operating Expenses (Unaudited)



FY17 YTD Act Vs.
FY16 YTD Act
-5.3%

FY17 YTD Act Vs.
FY17 YTD Budget
3.0%



SAN DIEGO INTERNATIONAL AIRPORT.
LET'S GO.

Operating Expenses
for the Eleven Months Ended May 31, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating expenses:					
Salaries and benefits [2]	$ 41,228	$ 41,381	$ (153)	-	$ 38,551
Contractual services	40,944	40,021	923	2%	34,565
Safety and security	26,316	25,326	990	4%	25,566
Space rental	9,342	9,341	1	-	9,499
Utilities	11,731	9,764	1,967	17%	10,457
Maintenance	13,168	12,845	323	2%	13,110
Equipment and systems	299	424	(125)	(42)%	461
Materials and supplies	406	529	(123)	(30)%	449
Insurance	935	877	58	6%	871
Employee development and support	1,205	1,134	71	6%	1,078
Business development	2,319	2,180	139	6%	2,066
Equipment rental and repairs	3,335	2,983	352	11%	2,724
Total operating expenses	$ 151,228	$ 146,805	$ 4,423	3%	$139,397

[2] For the fiscal year 2017, total pension expense will be $7,451,396, compared to $4,048,248 in fiscal year 2016.

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Financial Summary
for the Eleven Months Ended May 31, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	$ 221,104	$ 227,487	$ 6,383	3%	$211,782
Total operating expenses	151,228	146,805	4,423	3%	139,397
Income from operations	69,876	80,682	10,806	15%	72,385
Depreciation	85,896	85,896	-	-	79,075
Operating income (loss)	$ (16,020)	$ (5,214)	$ 10,806	67%	$ (6,690)

SAN DIEGO INTERNATIONAL AIRPORT.
LET'S GO.

Nonoperating Revenues & Expenses for the Eleven Months Ended May 31, 2017 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Nonoperating revenues (expenses):					
Passenger facility charges	$ 38,119	$ 38,556	$ 437	1%	$ 36,793
Customer facility charges (Rental Car Center)	33,837	33,056	(781)	(2)%	30,378
Quieter Home Program, net	(2,958)	(676)	2,282	77%	(4,761)
Interest income	6,008	7,357	1,349	22%	5,444
BAB interest rebate	4,245	4,255	10	-	4,257
Interest expense & debt issuance costs	(61,442)	(56,572)	4,870	8%	(52,702)
Bond amortization	3,811	3,811	-	-	3,893
Other nonoperating revenue (expenses)	(9)	(16,659)	(16,650)	-	1,125
Nonoperating revenue, net	21,611	13,128	(8,483)	(39)%	24,427
Change in Net Position before grant contributioı	5,591	7,914	2,323	42%	17,737
Capital grant contributions	1,200	1,805	605	50%	10,625
Change in Net Position	$ 6,791	$ 9,719	$ 2,928	43%	$ 28,362

SAN DIEGO INTERNATIONAL AIRPORT.
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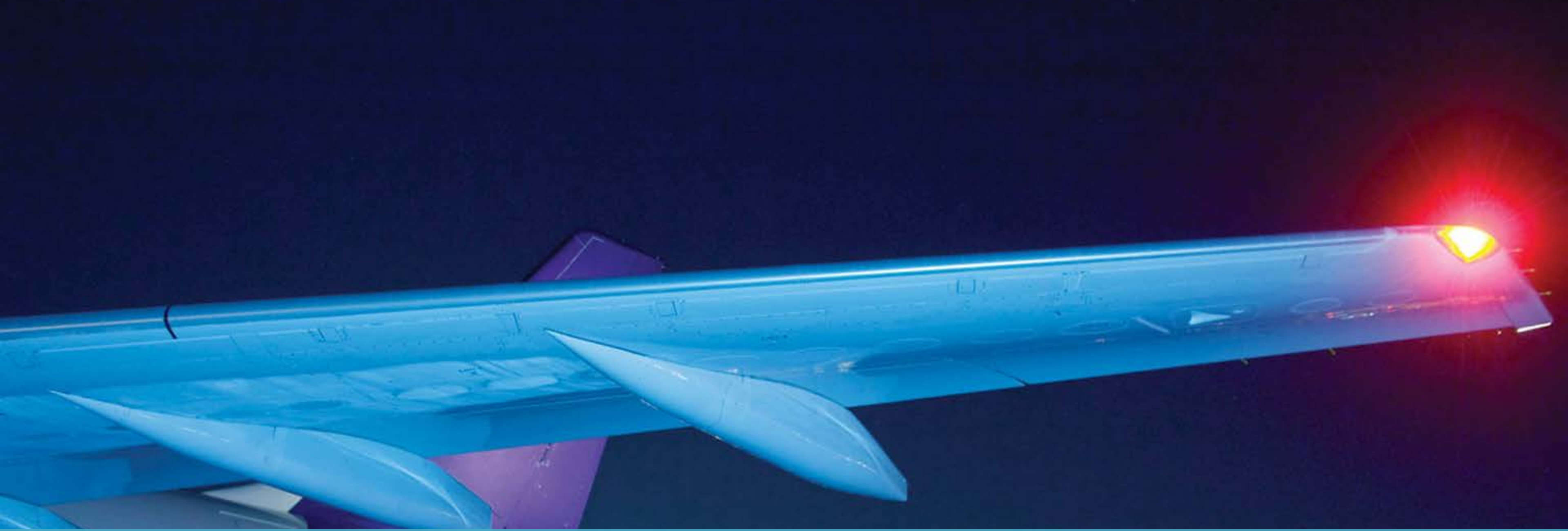


Statements of Net Position (Unaudited)
May 31, 2017 and 2016

Statements of Net Position (Unaudited)
As of May 31, 2017 and 2016
(In Thousands)

	2017	2016
Current assets:		
Cash and investments	$ 64,892	$ 66,877
Tenant lease receivable, net of allowance		
of 2017: ($218,877) and 2016: ($222,630)	7,720	7,964
Grants receivable	3,860	5,825
Notes receivable-current portion	1,705	1,609
Prepaid expenses and other current assets	7,197	7,600
Total current assets	**85,374**	**89,875**
Cash designated for capital projects and other	**$ 42,295**	**$ 34,149**

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Statements of Net Position (Unaudited)
As of May 31, 2017 and 2016
(In Thousands)

	2017	2016
Restricted assets:		
Cash and investments:		
Bonds reserve	$ 57,872	$ 56,868
Passenger facility charges and interest unapplied	67,919	72,203
Customer facility charges and interest applied	37,159	40,150
SBD bond guarantee	4,000	4,000
Bond proceeds held by trustee	154,904	177,553
Variable rate debt interest held by Trustee	94	-
Passenger facility charges receivable	4,185	4,549
Customer facility charges receivable	3,852	2,904
OCIP insurance reserve	2,791	3,610
Total restricted assets	**$ 332,776**	**$ 361,837**

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Statements of Net Position (Unaudited)
As of May 31, 2017 and 2016
(In Thousands)

	2017	2016
Noncurrent assets:		
Capital assets:		
Land and land improvements	$ 110,139	$ 109,265
Runways, roads and parking lots	631,185	589,529
Buildings and structures	1,395,686	1,398,677
Machinery and equipment	49,022	45,367
Vehicles	15,660	14,648
Office furniture and equipment	33,427	32,417
Works of art	10,066	9,535
Construction-in-progress	180,700	152,055
	2,425,885	**2,351,493**
Less: accumulated depreciation	(892,757)	(810,255)
Total capital assets, net	**$ 1,533,128**	**$ 1,541,238**

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Statements of Net Position (Unaudited)
As of May 31, 2017 and 2016
(In Thousands)

	2017	2016
Other assets:		
Notes receivable - long-term portion	$ 33,486	$ 35,281
Investments - long-term portion	187,361	139,307
Security deposit	350	323
Total other assets	**221,197**	**174,911**
Deferred outflows of resources:		
Deferred pension contributions	5,571	5,636
Other deferred pension outflows	15,048	288
Total assets and deferred outflows of resources	**$ 2,235,389**	**$ 2,207,934**

SAN DIEGO INTERNATIONAL AIRPORT.
LET'S GO.

Statements of Net Position (Unaudited)
As of May 31, 2017 and 2016
(In Thousands)

	2017	2016
Current liabilities:		
Accounts payable and accrued liabilities	$ 42,597	$ 46,195
Deposits and other current liabilities	8,682	7,576
Total current liabilities	**51,279**	**53,771**
Current liabilities payable from restricted assets:		
Current portion of long-term debt	11,585	11,090
Accrued interest on bonds and variable debt	27,253	27,461
Total liabilities payable from restricted assets	**$ 38,838**	**$ 38,551**

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Statements of Net Position (Unaudited)
As of May 31, 2017 and 2016
(In Thousands)

	2017	2016
Long-term liabilities:		
Variable debt	$ 52,998	$ 38,705
Other long-term liabilities	8,599	10,203
Long-term debt - bonds net of amortized premium	1,276,360	1,292,106
Net Pension Liability	18,111	1,681
Total long-term liabilities	**1,356,068**	**1,342,695**
Total liabilities	1,446,185	1,435,017
Deferred inflows of resources		
Deferred pension inflows	1,815	1,807
Total liabilities and deferred inflows of resources	**$ 1,448,000**	**$ 1,436,824**

SAN DIEGO INTERNATIONAL AIRPORT.
LET'S GO.

Statements of Net Position (Unaudited)
As of May 31, 2017 and 2016
(In Thousands)

	2017	2016
Net Position:		
Invested in capital assets, net of related debt	$ 339,558	$ 369,089
Other restricted	177,476	183,756
Unrestricted:		
Designated	42,295	34,149
Undesignated	228,060	184,116
Total net position	**$ 787,389**	**$ 771,110**

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.


Questions?

Item 3

San Diego County Regional Airport Authority

Review of the Authority's Investment Report As of May 31, 2017

SAN DIEGO INTERNATIONAL AIRPORT

LET'S GO.

Presented by: Geoff Bryant
Manager, Airport Finance

June 26, 2017

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

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

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

Total Portfolio Summary

	Current Period May 31, 2017	Prior Period April 30, 2017	Change From Prior
Book Value (1)	$463,386,000	$467,024,000	($3,638,000)
Market Value (1)	$462,675,000	$466,147,000	($3,472,000)
Market Value%	99.85%	99.81%	0.04%
Unrealized Gain / (Loss)	($711,000)	($877,000)	$166,000
Weighted Average Maturity (Days)	408 days	394 days	14
Weighted Average Yield as of Period End	1.14%	1.12%	0.02%
Cash Interest Received- Current Month	$499,000	$435,000	$64,000
Cash Interest Received- Year-to-Date	$4,217,000	$3,718,000	$499,000
Accrued Interest	$814,000	$1,057,000	($243,000)

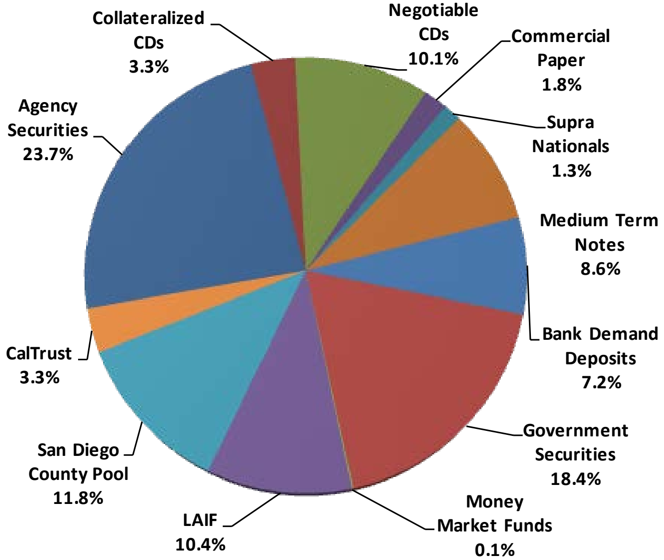
Notes:

(1) Decrease in portfolio value is primarily due to capital expenditures exceeding capital receipts.

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Portfolio Composition by Security Type

	May 31, 2017		April 30, 2017		
	Market Value	Percent of Portfolio	Market Value	Percent of Portfolio	Permitted by Policy
Agency Securities	$ 109,586,000	23.7%	$ 106,459,000	22.8%	100%
Collateralized CDs	15,406,000	3.3%	15,396,000	3.3%	30%
Negotiable CDs	46,627,000	10.1%	43,618,000	9.4%	30%
Commercial Paper	8,477,000	1.8%	14,465,000	3.1%	25%
Supra Nationals	5,996,000	1.3%	5,992,000	1.3%	30%
Medium Term Notes	39,594,000	8.6%	39,570,000	8.5%	15%
Bank Demand Deposits	33,224,000	7.2%	37,401,000	8.0%	100%
Government Securities	85,354,000	18.4%	85,345,000	18.3%	100%
Money Market Funds	459,000	0.1%	14,000	0.0%	20%
LAIF	48,114,000	10.4%	48,058,000	10.3%	$65 million (1)
San Diego County Pool	54,555,000	11.8%	54,559,000	11.7%	$65 million (2)
CalTrust	15,283,000	3.3%	15,270,000	3.3%	$65 million (3)
Total:	**$ 462,675,000**	**100.0%**	**$ 466,147,000**	**100.0%**	



Notes:

1.) The $65 million limit on LAIF is a non-statutory LAIF internal limit. It does not apply to bond proceeds.

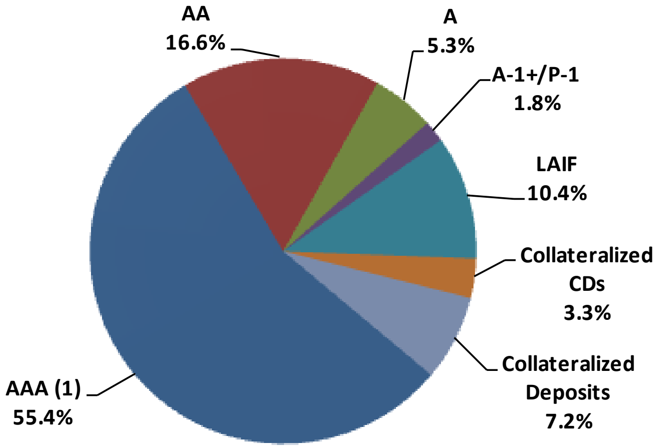
2.) The San Diego County Investment Pool mirrors the LAIF internal limit and does not apply to bond proceeds.

3.) The CalTrust mirrors the LAIF internal limit and does not apply to bond proceeds.

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Portfolio Composition by Credit Rating

	May 31, 2017		April 30, 2017	
	Market Value	Percent of Portfolio	Market Value	Percent of Portfolio
AAA (1)	$ 255,951,000	55.4%	$ 252,369,000	54.2%
AA	76,887,000	16.6%	76,860,000	16.5%
A	24,617,000	5.3%	21,598,000	4.6%
A-1+/P-1	8,477,000	1.8%	14,465,000	3.1%
LAIF	48,114,000	10.4%	48,058,000	10.3%
Collateralized CDs	15,405,000	3.3%	15,396,000	3.3%
Collateralized Deposits	33,224,000	7.2%	37,401,000	8.0%
Total:	**$ 462,675,000**	**100.0%**	**$ 466,147,000**	**100.0%**



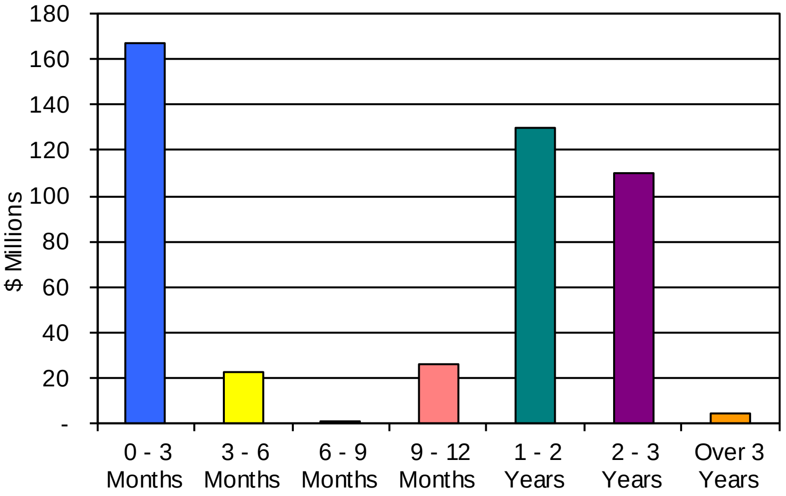
Notes:

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

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Portfolio Composition by Maturity (1)

	May 31, 2017		April 30, 2017	
	Market Value	Percent of Portfolio	Market Value	Percent of Portfolio
0 - 3 Months	$ 166,991,000	36.1%	$ 176,645,000	37.8%
3 - 6 Months	22,541,000	4.9%	12,522,000	2.7%
6 - 9 Months	1,502,000	0.3%	13,500,000	2.9%
9 - 12 Months	26,408,000	5.7%	27,433,000	5.9%
1 - 2 Years	129,966,000	28.1%	128,475,000	27.6%
2 - 3 Years	110,260,000	23.8%	107,572,000	23.1%
Over 3 Years	5,007,000	1.1%	-	0.0%
Total:	**$ 462,675,000**	**100.0%**	**$ 466,147,000**	**100.0%**

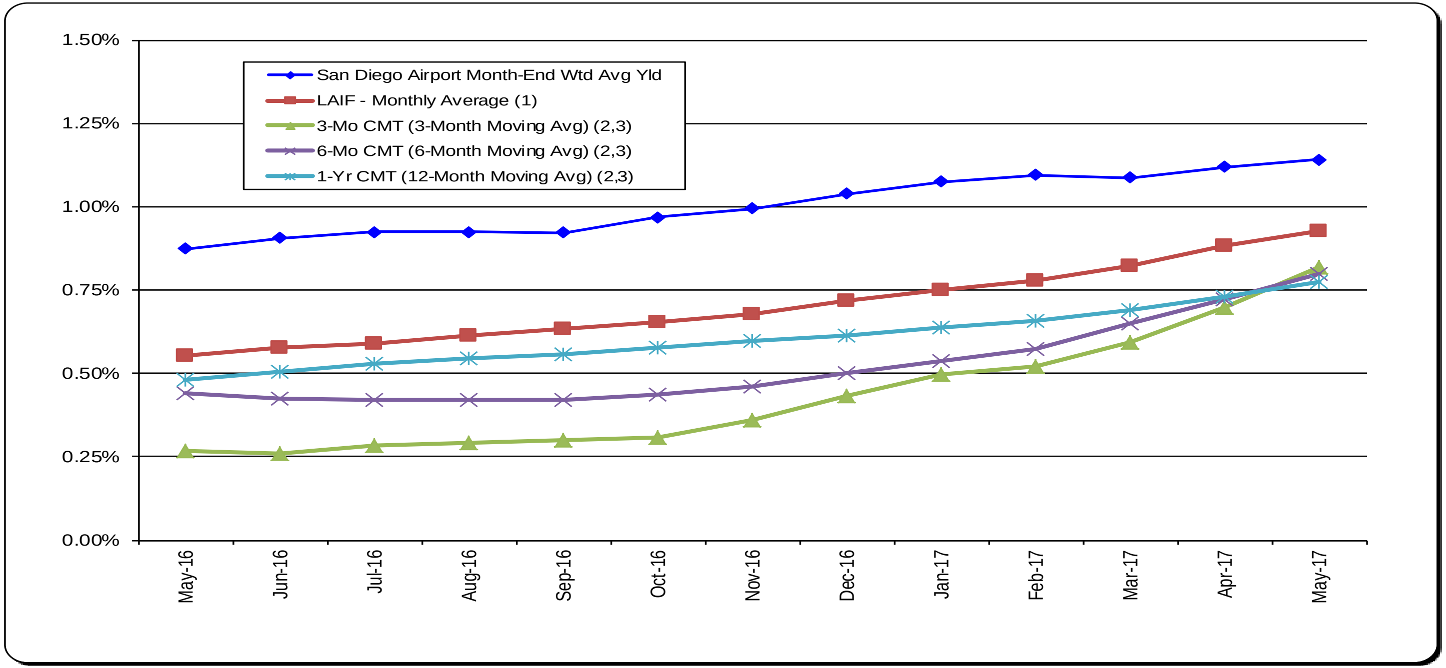


Notes:

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

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Benchmark Comparison



Notes:

1.) *Benchmark data for LAIF is the average monthly effective yield.*

2.) *CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities.*

3.) *The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year CMT is the daily average for the previous 12-months.*

SAN DIEGO INTERNATIONAL AIRPORT.
LET'S GO.

Detail of Security Holdings *As of May 31, 2017*

Settlement Date	Security Description	Coupon	Maturity Date	Par Value	Purchase Price	Book Value	Market Price	Market Value	Days to Maturity	Yield to Maturity
10/16/15	FNMA	1.125	10/19/18	5,000,000	100.550	5,027,500	99.85	4,992,550	506	0.939
08/15/16	FHLB	0.625	08/07/18	4,000,000	99.624	3,985,680	99.28	3,971,320	433	0.808
06/24/16	FNMA	0.875	03/28/18	4,450,000	100.099	4,454,406	99.73	4,438,030	301	0.818
10/21/16	FHLB	0.875	08/05/19	12,000,000	99.568	11,948,160	98.85	11,861,760	796	1.032
10/07/16	FHLB	1.000	09/26/19	10,000,000	99.727	9,972,700	99.10	9,909,600	848	1.094
06/29/16	FNMA	1.125	06/21/19	10,400,000	100.857	10,497,978	99.51	10,349,352	751	0.833
02/03/16	FNMA	1.375	01/28/19	6,000,000	100.842	6,050,520	100.12	6,007,260	607	1.088
05/16/16	FNMA	1.000	02/26/19	5,000,000	100.116	5,005,800	99.45	4,972,650	636	0.957
04/20/16	FHLB	1.125	04/15/19	8,000,000	100.319	8,020,420	99.64	7,971,520	684	1.016
12/08/16	FHLB	1.250	01/16/19	2,950,000	99.996	2,949,882	99.92	2,947,729	595	1.252
05/16/17	FHLB	1.875	03/13/20	3,000,000	100.836	3,025,080	101.06	3,031,890	1017	1.571
07/08/16	FHLMC	1.250	08/01/19	5,000,000	101.285	5,064,250	99.69	4,984,350	792	0.824
09/06/16	FNMA	1.000	08/28/19	13,500,000	99.836	13,477,860	99.15	13,385,520	819	1.056
02/28/17	FNMA	1.500	02/28/20	13,050,000	99.936	13,003,050	99.97	13,046,471	1003	1.529
08/02/16	FNMA	0.875	08/02/19	7,800,000	99.832	7,786,896	98.92	7,716,072	793	0.932
	Agency Total			110,150,000		110,270,182		109,586,073	752	1.062
07/02/16	East West Bk CD	0.700	07/07/17	10,360,123	100.000	10,360,123	100.00	10,360,123	37	0.700
10/21/16	East West Bk CD	0.500	10/24/17	5,044,604	100.000	5,044,604	100.00	5,044,604	146	0.700
	Collateralized CDs Total			15,404,727		15,404,727		15,404,727	73	0.700

SAN DIEGO INTERNATIONAL AIRPORT.
LET'S GO.

Detail of Security Holdings As of May 31, 2017

Settlement Date	Security Description	Coupon	Maturity Date	Par Value	Purchase Price	Book Value	Market Price	Market Value	Days to Maturity	Yield to Maturity
09/11/14	US BK NA CINCIN C/D	1.375	09/11/17	4,000,000	100.000	3,993,560	100.05	4,002,000	103	1.430
03/09/16	US Bank CD	1.060	03/09/18	4,000,000	100.000	4,000,000	100.00	4,000,000	282	1.060
11/17/15	SKANDINAV ENSKD CD	1.480	11/16/17	4,500,000	100.000	4,500,000	100.00	4,500,000	169	1.480
02/09/17	BK OF MONTREAL YC/D	1.880	02/07/19	5,000,000	100.000	5,000,000	100.74	5,037,000	617	1.880
12/05/16	NORDEA BK FINL YC/D	1.760	11/30/18	4,000,000	100.000	4,000,000	100.57	4,022,840	548	1.760
12/05/16	CANADIAN IMP BK YC/D	1.760	11/30/18	5,000,000	99.922	4,996,100	100.57	5,028,550	548	1.800
11/18/15	HSBC BK C/D	0.954	11/17/17	4,000,000	100.000	4,000,000	100.30	4,012,000	170	0.954
05/04/17	SUMITOMO MITSUI YC/D	2.050	05/03/19	3,000,000	100.080	3,000,000	100.00	3,000,000	702	2.050
03/16/16	Toronto Dominion CD	1.720	03/14/18	5,000,000	100.000	5,000,000	100.30	5,015,050	287	1.720
04/06/17	BK NOVA SCOTIA YC/D	1.910	04/05/19	4,000,000	100.000	4,000,000	100.07	4,002,680	674	1.910
03/15/16	ROYAL BK CDA Y C/D	1.700	03/09/18	4,000,000	100.000	4,000,000	100.18	4,007,280	282	1.700
	Negotiable CDs Total			46,500,000		46,489,660		46,627,400	395	1.614
04/28/17	BANK OF TOKYO MITS DC/P	1.370	10/25/17	3,500,000	99.315	3,476,025	99.49	3,481,975	147	1.379
01/09/17	BNP PARIBAS FIN DC/P	1.290	07/07/17	5,000,000	99.360	4,967,929	99.90	4,994,900	37	1.300
	Commercial Paper Total			8,500,000		8,443,954		8,476,875	82	1.333
04/28/17	INTL BK RECON & DEV	1.875	04/21/20	3,000,000	100.685	3,020,550	100.79	3,023,760	1056	1.638
04/21/16	INTER-AMER DEV BANK	1.000	05/13/19	3,000,000	99.714	2,991,420	99.07	2,972,070	712	1.095
	Supranationals			6,000,000		6,011,970		5,995,830	885	1.368
05/12/15	APPLE INC NOTES	1.000	05/03/18	4,000,000	99.121	3,964,840	99.70	3,987,840	337	1.302
12/12/16	BK NEW YORK NTS	2.300	09/11/19	2,000,000	101.107	2,022,140	100.97	2,019,420	833	1.884
10/14/16	TOYOTA MOTOR CR CORP	2.125	07/18/19	1,000,000	101.670	1,016,700	100.82	1,008,240	778	1.505
10/14/16	TOYOTA MTR CR CORP	1.400	05/20/19	1,500,000	99.906	1,498,590	99.48	1,492,185	719	1.437
10/14/16	AMERICAN HONDA BDS	1.200	07/12/19	2,495,000	99.241	2,476,063	98.95	2,468,827	772	1.483
07/17/15	GECC MTN	1.625	04/02/18	4,950,000	105.364	4,968,018	100.20	4,959,702	306	1.487
12/28/15	JPM CHASE & CO NT	1.800	01/25/18	1,500,000	99.888	1,498,320	100.16	1,502,340	239	1.855
11/19/14	CHEVRON CORP	1.345	11/15/17	1,500,000	100.199	1,502,985	100.02	1,500,360	168	1.345
05/15/17	CHEVRON CORP	1.991	03/03/20	3,500,000	100.275	3,509,660	100.45	3,515,855	1007	1.889
02/29/16	CISCO SYSTEMS	1.600	02/28/19	3,000,000	100.330	3,009,900	100.14	3,004,080	638	1.487
02/24/16	IBM CORP NOTES	1.800	05/17/19	3,000,000	100.119	3,003,570	100.28	3,008,430	716	1.761
05/15/17	JPM CHASE & CO MTN	2.250	01/23/20	3,500,000	100.267	3,509,345	100.45	3,515,575	967	2.144
06/06/16	WELLS FARGO CO MTN	2.150	01/15/19	4,600,000	101.427	4,665,642	100.60	4,627,554	594	1.589
09/14/15	AMERICAN EXPRESS MTN	1.800	07/31/18	2,980,000	99.759	2,972,818	100.13	2,983,725	426	1.886
	Medium Term Notes			39,525,000		39,618,591		39,594,133	605	1.652

SAN DIEGO INTERNATIONAL AIRPORT.
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Detail of Security Holdings As of May 31, 2017

Settlement Date	Security Description	Coupon	Maturity Date	Par Value	Purchase Price	Book Value	Market Price	Market Value	Days to Maturity	Yield to Maturity
12/23/15	U.S. Treasury	1.500	12/31/18	15,200,000	100.516	15,295,391	100.39	15,259,432	579	1.325
05/11/17	U.S. Treasury	1.500	05/31/20	5,000,000	99.754	4,987,695	100.15	5,007,250	1096	1.583
01/09/17	U.S. Treasury	1.250	01/31/20	7,000,000	99.170	6,940,820	99.65	6,975,360	975	1.530
11/13/15	U.S. Treasury	1.250	11/30/18	11,000,000	100.234	11,002,578	100.02	11,001,760	548	1.242
02/03/16	U.S. Treasury	1.375	02/28/19	2,950,000	100.988	2,979,154	100.19	2,955,635	638	1.047
06/10/15	U.S. Treasury	1.000	05/31/18	10,000,000	99.762	9,976,172	99.79	9,979,300	365	1.082
04/20/16	U.S. Treasury	1.000	09/15/18	4,900,000	100.367	4,917,992	99.72	4,886,427	472	0.845
03/04/16	U.S. Treasury	1.625	03/31/19	5,850,000	101.793	5,954,889	100.65	5,887,908	669	1.031
12/05/16	U.S. Treasury	1.500	11/30/19	13,400,000	100.125	13,416,750	100.36	13,447,704	913	1.457
05/06/16	U.S. Treasury	1.250	10/31/18	9,950,000	101.066	10,034,779	100.04	9,953,483	518	0.816
	Government Total			85,250,000		85,506,221		85,354,258	660	1.221
	East West Bank			104,396	100.000	104,396	100.00	104,396	1	0.350
	East West Bank			18,497,237	100.000	18,497,237	100.00	18,497,237	1	0.350
	US Bank General Acct			9,537,520	100.000	9,537,520	100.00	9,537,520	1	0.000
	Torrey Pines Bank			5,085,238	100.000	5,085,238	100.00	5,085,238	1	0.400
	Bank Demand Deposits			33,224,391		33,224,391		33,224,391	1	0.257
	DREYFUS GOVT INVEST			458,585	100.000	458,585	100.00	458,585	1	0.000
	Money Market Fund			458,585		458,585		458,585	1	0.000
	Local Agency Invstmnt Fd			48,119,788	100.000	48,119,788	99.99	48,114,107	1	0.925
	San Diego County Inv Pool			54,554,468	100.000	54,554,468	100.00	54,555,013	1	1.227
	CalTrust			15,283,159	100.000	15,283,159	100.00	15,283,159	1	1.070
	Grand Total			**$ 462,970,119**	**100.16**	**$ 463,385,697**	**99.85**	**$ 462,674,551**	**408**	**1.141**

SAN DIEGO INTERNATIONAL AIRPORT.
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Portfolio Investment Transactions

From May 1st, 2017 – May 31st, 2017

Settle Date	Security Description	Security Type	CUSIP	Coupon	Mature Date	Call Date	Unit Price	Amount
PURCHASES								
05/04/17	SUMITOMO MITSUI C/D	Negotiable CD	86563YVN0	2.050	05/03/19	--	100.080	$ 3,000,000
05/11/17	US TREAS NTS	US TREAS NTS	912828XE5	1.500	05/31/20	--	99.754	5,021,074
05/15/17	CHEVRON CORP NTS	MTN	166764BP4	1.991	03/03/20	--	100.276	3,523,597
05/15/17	JPM CHASE & CO MTN	MTN	46625HKA7	2.250	01/23/20	--	100.267	3,533,845
05/16/17	FHLB	AGCY	313378J77	1.875	03/13/20	--	100.836	3,034,924
								$ 18,113,440
CALLS								
								$ -
MATURITIES								
11/03/16	TOYOTA MTR CRED DC/P	CP	89233GS23		05/02/17	--	100.000	$ 2,999,910
11/21/16	CREDIT AGRICOLE CRP DC/P	CP	22533TSF4		05/15/17	--	99.960	$ 2,998,890
								$ 5,998,800
DEPOSITS								
								$ -
WITHDRAWALS / SALES / TRANSFERS								
06/10/15	US TREAS NTS	US TREAS NTS	912828VE7	1.000	05/31/18	--	99.785	$ 5,011,51[illegible]
11/19/14	CHEVRON CORP	MTN	166764AL4	1.345	11/15/17	--	100.044	3,501,540
12/28/15	JPM CHASE & CO NT	MTN	46625HJG6	1.800	01/25/18	--	100.187	3,525,795
								$ 12,038,846

SAN DIEGO INTERNATIONAL AIRPORT.
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Bond Proceeds Summary

SUMMARY OF 2010, 2013 & 2014 BOND PROCEEDS*

As of: May 31, 2017

(in thousands)

	Series 2010	Series 2013	Series 2014	Total	Yield	Rating
Project Fund						
SDCIP	$ -	$ 1,716	$ 32	$ 1,748	1.23% 1)	AAAf
	$ -	$ 1,716	$ 32	$ 1,748		
Debt Service Reserve & Coverage Funds						
SDCIP	$ 30,315	$ 33,223	$ 28,889	$ 92,427	1.23% 1)	AAAf
East West Bank CD	21,064	-	-	21,064	0.80%	N/R
	$ 51,379	$ 33,223	$ 28,889	$ 113,491		
	$ 51,379	$ 34,939	$ 28,921	$ 115,239	1.15%	

*Bond proceeds are not included in deposit limits as applied to operating funds

1) SDCIP Yield as of 4/30/17

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Bond Proceeds Investment Transactions

From May 1st, 2017 – May 31st, 2017

Settle Date	Description	Security Type	CUSIP	Coupon	Mature Date	Call Date	Unit Price		Amount
PURCHASES									
								$	-
CALLS									
								$	-
MATURITIES									
								$	-
DEPOSITS									
								$	-
WITHDRAWALS / SALES									
5/8/2017	SDCIP (2013 Bonds)	SDCIP	--	1.23	--		100.0	$	266,355
5/8/2017	SDCIP (2014 Bonds)	SDCIP	--	1.23	--		100.0		1,000,428
								$	1,266,783

SAN DIEGO INTERNATIONAL AIRPORT.
LET'S GO.

Questions ?

Item 4

San Diego County Regional Airport Authority

Summary of Outstanding Revolving Obligations May 31, 2017

Presented by: Geoff Bryant
Manager Airport Finance

June 26, 2017

Revolving Obligations as of May 31, 2017

FACILITY	SERIES	PRINCIPAL		RATE	MONTHLY INTEREST AND FEES	
US BANK	NON-AMT		26,550,000	1.17%	$	26,663
US BANK	AMT		15,849,000	1.17%		15,917
US BANK	TAXABLE		10,599,000	1.60%		14,557
US BANK	OUTSTANDING BALANCE	$	52,998,000		$	57,138
US BANK	UNUTILIZED BALANCE		72,002,000	0.37%		20,987
US BANK	**TOTAL**	**$**	**125,000,000**		**$**	**78,124**
RBC	**UNUTILIZED**	**$**	**100,000,000**	**0.23%**	**$**	**18,750**
TOTAL	**TOTAL REVOLVING CAPACITY**	**$**	**225,000,000**		**$**	**96,874**

Questions

EXECUTIVE COMMITTEE

Meeting Date: **JUNE 26, 2017**

Subject:

Authorization of Bond Documents and Sale of up to $400 Million Airport Revenue Bonds, Including Delegation of Pricing Authority, to Refund a Portion of the Authority's Outstanding Subordinate Revolving Obligations and to Fund the Parking Plaza, FIS and Capital Improvement Program; Authorization of the $10 Million Irrevocable Commitment of Passenger Facility Charges in FY 2018 to the Payment of Debt Service and; Authorization of Reimbursement Agreement

Recommendation:

Forward this item to the Board with a recommendation for approval.

Background/Justification:

Pursuant to §170070 of the California Public Utilities Code (the "Act"), the Authority has the power to issue bonds, from time to time, payable from revenue of any facility or enterprise operated, acquired, or constructed by the Authority, for any of the purposes authorized under the Act.

Senior Bonds

The Authority previously entered into a senior Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Senior Indenture") by and between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (the "Senior Trustee"). This Master Senior Indenture is the financing document that sets forth the general terms of the Authority's pledge of Net Revenues (which include certain revenues received by the Authority from the operation of the Airport less operation and maintenance expenses) to secure senior lien airport revenue bonds and provides for the terms and conditions upon which senior lien airport revenue bonds may be issued by the Authority.

<u>Senior Series 2013 Bonds</u>. Pursuant to the Master Senior Indenture and a Third Supplemental Trust Indenture, dated as of January 1, 2013, by and between the Authority and the Senior Trustee, the Authority issued its Series 2013A Non AMT and 2013B AMT Senior Bonds, which are currently outstanding in the aggregate principal amount of $375.5 million. The Senior Series 2013 Bonds were used to finance the Green Build and certain other projects in the Authority's capital plan. The Senior Series 2013 Bonds are the only senior lien airport revenue bonds currently outstanding.

Subordinate Obligations

The Authority previously entered into a Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended ("Master Subordinate Indenture") by and between the Authority and U.S. Bank National Association, as successor trustee, ("Subordinate Trustee"). This Master Subordinate Indenture is the financing document that sets forth the general terms of the Authority's pledge of Subordinate Net Revenues (which include certain revenues received by the Authority from the operation of the Airport, less operation and maintenance expenses, less the debt service on the Senior Bonds and Senior Bond reserve requirements) to secure subordinate lien airport revenue obligations and provides for the terms and conditions upon which subordinate lien airport revenue obligations may be issued by the Authority. The pledge of Subordinate Net Revenues under the Master Subordinate Indenture is subordinate to the pledge of Net Revenues under the Master Senior Indenture.

<u>Subordinate 2010 Bonds</u>. Pursuant to the Master Subordinate Indenture and a Second Supplemental Subordinate Trust Indenture, dated as of October 1, 2010, by and between the Authority and the Subordinate Trustee, the Authority issued its Series 2010A (non AMT), Series 2010B (non AMT) and Series 2010C (federally taxable Build America Bonds) Subordinate Bonds, which are currently outstanding in the aggregate principal amount of $546.4 million. The Subordinate Series 2010 Bonds were used to finance the Green Build and certain other projects in the Authority's capital plan.

<u>Subordinate Revolving Obligations</u>. Pursuant to the Master Subordinate Indenture, the Third Supplemental Subordinate Trust Indenture, dated as of September 1, 2014 (the "Third Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee, and the Revolving Credit Agreement, dated as of September 1, 2014, as amended (the "Subordinate Credit Agreement"), by and between the Authority and U.S. Bank National Association (the "Subordinate Revolving Obligations Bank"), the Authority is authorized to issue and have outstanding, from time to time, up to $125,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations (collectively, the "Subordinate Revolving Obligations"). Currently, the Authority has $ 52 million aggregate principal amount of Subordinate Revolving Obligations outstanding.

<u>Subordinate Drawdown Bonds</u>: Additionally, pursuant to the Master Subordinate Indenture, the Fourth Supplemental Subordinate Trust Indenture, dated as of April 1, 2017 (the "Fourth Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee, the Bondholder's Agreement, dated as of April 1, 2017 (the "Subordinate Drawdown Bondholder's Agreement"), by and between the Authority and RBC Municipal Products, LLC (the "Subordinate Drawdown Bond Purchaser"), and the Bond Purchase Agreement, dated April 19, 2017 (the "Subordinate Drawdown Bond Purchase Agreement"), between RBC Capital Markets LLC (the "Subordinate Drawdown Bond Underwriter") and the Authority, the Authority is authorized to issue and have outstanding, from time to time, up to $100,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds (collectively, the "Subordinate Drawdown Bonds"). Currently the Authority has no Subordinate Drawdown Bonds outstanding.

Subordinate Series 2017 Bonds
Authority staff has determined that it is necessary and advisable to issue additional Subordinate Airport Revenue Bonds ("Subordinate Series 2017 Bonds") in an aggregate principal amount not to exceed $400 million in order to refund a portion of the Authority's outstanding Subordinate Revolving Obligations, to fund certain capital projects in the FY 2018 – FY 2022 Capital Program, including the Parking Plaza and the Federal Inspection Services facilities ("FIS"), to fund a portion of the interest accruing on the Subordinate Series 2017 Bonds, to fund a reserve fund for the Subordinate Series 2017 Bonds), and to pay the costs of issuance of the Subordinate Series 2017 Bonds. The Subordinate Series 2017 Bonds will be issued pursuant to the Maser Subordinate Indenture and a Fifth Supplemental Subordinate Trust Indenture to be entered into by the Authority and the Subordinate Trustee.

Resolution No. 2017-XXXX

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

1) The issuance of the new Subordinate Series 2017 Bonds in an aggregate principal amount not-to-exceed $400 million in order to refund a portion of the Authority's outstanding Subordinate Revolving Obligations, to fund certain capital projects in the FY 2018 – FY 2022 Capital Program, including the Parking Plaza and the FIS, to fund a portion of the interest accruing on the new Subordinate Series 2017 Bonds, to fund a reserve fund for the new 2017 Subordinate 2017 Bonds , and to pay the costs of issuance of the new Subordinate Series 2017 Bonds.

2) Fifth Supplemental Subordinate Trust Indenture (Attachment 1)

The Fifth Supplemental Trust Indenture sets forth the terms of the Subordinate Series 2017 Bonds, including, among other things, the interest rates, maturity dates and redemption provisions of the Subordinate Series 2017 Bonds, the establishment of certain funds and accounts to be created in connection with the issuance of the Subordinate Series 2017 Bonds and the form of the Subordinate Series 2017 Bonds. The new Subordinate Series 2017 Bonds will bear interest at fixed rates of interest that will be determined by the underwriters in accordance with the Purchase Contract.

3) Preliminary Official Statement (POS) (Attachment 2)

The Preliminary Official Statement is the disclosure document provided by the Authority to prospective purchasers of the Subordinate Series 2017 Bonds. The Preliminary Official Statement describes, among other things, the security for the Subordinate Series 2017 Bonds, how the proceeds of the Subordinate Series 2017 Bonds will be used, financial and operating information of the Authority and the Airport, certain information regarding the airline industry, risk factors and pending litigation against the Authority. Additionally, Appendix A to the Preliminary Official Statement will contain the Financial Feasibility Report of Unison Consulting Inc. The Financial Feasibility Report, contains among other things, projections of future enplanements at the Airport and future revenues and expenses and debt service coverage levels. The Authority is required to provide full and complete disclosure of all material information to the prospective purchasers of the Subordinate Series 2017 Bonds and must certify that the Preliminary Official Statement contains the same. Upon pricing of the Subordinate Series 2017 Bonds, the Authority will be required to complete a Final Official Statement, which will be an updated version of the Preliminary Official Statement in substantially the same form but will include the results of the pricing of the Subordinate Series 2017 Bonds. The Authority is required to provide full and complete disclosure of all material information to the prospective purchasers of the Subordinate Series 2017 Bonds and must certify that the Final Official Statement contains the same.

4) Purchase Contract (Attachment 3)

This financing document will be entered into with Morgan Stanley, as representative of the underwriters of the Subordinate Series 2017 Bonds, which will include Morgan Stanley, Jefferies, Backstrom McCarley Berry & Co, Citigroup, RBC Capital Markets and Siebert Cisneros Shank & Co. The Purchase Contract requires the underwriters to purchase the Subordinate Series 2017 Bonds, provided certain terms and conditions set forth in the Purchase Contract are met by the Authority and other parties. Pursuant to the terms of the Purchase Contract, the underwriters will collect an underwriting discount not exceeding 0.3% of the final par amount of the Subordinate Series 2017 Bonds purchased by them.

5) Continuing Disclosure Certificate (Attachment 4)

The Continuing Disclosure Certificate sets out the Authority’s obligation under Rule 15c2 12 of the Securities Exchange Act of 1934, as amended, to provide updated financial and operating information about the Authority and the Airport to the Municipal Securities Rulemaking Board (“MSRB”) on an annual basis, and to provide notices of certain enumerated events to MSRB.

Resolution No. 2017-XXXX (Irrevocable Commitment of PFCs)

Upon adoption of Resolution No. 2017-XXXX, the Board will be irrevocably committing to use $10 million of passenger facility charges ("PFC's") to pay debt service on the Senior Series 2013 Bonds and/or the Subordinate Series 2010 Bonds during fiscal year 2018. When issuing additional Subordinate Obligations (like the Subordinate Series 2017 Bonds), the terms of the Master Subordinate Indenture require the Authority to certify that its future revenues, and other moneys used to pay debt service, will be sufficient to make the debt service payments on the new debt obligations. In connection with the issuance of the Subordinate Series 2017 Bonds, the Authority will be including the $10 million of PFCs in its certification that it will have sufficient moneys in the future to make its debt service payments. In addition to the $10 million of PFCs being irrevocably committed, the Authority will be using additional PFCs to make its debt service payments in FY 2018 and in future years.

Resolution No. 2017-XXXX (Delegation of Reimbursement Declarations)

Upon adoption of Resolution No. 2017-XXXX, the Board will be designating the President/CEO and Vice President, Finance & Asset Management and Treasurer of the Authority to act on behalf of the Authority when declaring the Authority's intent to reimburse original capital expenditures with proceeds of taxable and tax-exempt bonds. Under Federal tax laws, except for certain limited exceptions, an issuer must declare its intent to use proceeds of tax-exempt bonds to reimburse itself for capital expenditures originally paid with the Issuer's own moneys. The President/CEO and Vice President, Finance & Asset Management and Treasurer will be allowed to make these declarations on behalf of the Authority. This does not enable Authority staff to issue or incur a debt obligation without prior Board approval.

Fiscal Impact:

Debt Service and Cost of Issuance related to the Subordinate Series 2017 Bonds have been included in the approved FY 2018 Budget and FY 2019 Conceptual Budget in non-operating costs under the Debt Service line item. Future Debt service costs will be included in future budget requests.

Authority Strategies:

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

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

Environmental Review:

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

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

Application of Inclusionary Policies:

Not Applicable.

Prepared by:

SCOTT BRICKNER,
VICE PRESIDENT FINANCE AND ASSET MANAGEMENT/TREASURER

Attachment 1

FIFTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Relating to

$[PARA]	$[PARB]
San Diego County Regional Airport Authority	San Diego County Regional Airport Authority
Subordinate Airport Revenue Bonds	Subordinate Airport Revenue Bonds
Series 2017A	Series 2017B
(Non-AMT)	(AMT)

Dated as of [_______] 1, 2017

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ARTICLE VI
MISCELLANEOUS

FIFTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

THIS FIFTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE (this "***Fifth Supplemental Subordinate Indenture***"), dated as of [________] 1, 2017, is made by and between the **SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY,** a local government entity of regional government created pursuant to laws of the State of California (the "***Authority***"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as successor trustee (the "***Trustee***"), and supplements the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "***Master Subordinate Indenture***"), by and between the Authority and the Trustee.

WHEREAS, the Master Subordinate Indenture provides, in Section 2.09 thereof, for the issuance of Subordinate Obligations and, in Section 10.02 thereof, for the execution and delivery of Supplemental Subordinate Indentures setting forth the terms of such Subordinate Obligations;

WHEREAS, the Authority now, for the purpose of providing money to finance and refinance certain capital improvements to the Airport System, by execution and delivery of this Fifth Supplemental Subordinate Indenture and in compliance with the provisions of the Master Subordinate Indenture, sets forth the terms of its (a) $[PARA] San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A (the "***Series 2017A Bonds***"), and (b) $[PARB] San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017B (the "***Series 2017B Bonds***" and together with the Series 2017A Bonds, the "***Series 2017 Bonds***"), provides for the deposit and use of the proceeds of the Series 2017 Bonds, and makes other provisions relating to the Series 2017 Bonds;

GRANTING CLAUSE

In order to secure the payment of the Series 2017 Bonds, the Authority hereby pledges, assigns and grants to the Trustee with respect to the Series 2017 Bonds all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere in, the Master Subordinate Indenture. To secure further the payment of the Series 2017 Bonds, the Authority in furtherance of the Master Subordinate Indenture hereby pledges and grants to the Trustee a lien on and security interest in and assigns to the Trustee all right, title and interest of the Authority, except as otherwise provided herein, in and to the Reserve Fund (as hereinafter defined) and all moneys and securities held from time to time therein and, with respect to any Reserve Fund Insurance Policy (as hereinafter defined) provided at any time in satisfaction of all or a portion of the Reserve Requirement (as hereinafter defined), all rights, title and interest in such instruments and the proceeds thereof.

ARTICLE I

DEFINITIONS; INTERPRETATIONS

Section 1.01. Definitions. The following definitions shall apply to terms used in this Fifth Supplemental Subordinate Indenture unless the context clearly requires otherwise. Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this Fifth

Supplemental Subordinate Indenture shall have the same meanings as set forth in the Master Subordinate Indenture.

"*Authorized Denominations*" means $5,000 principal amount and integral multiples thereof.

"*Beneficial Owner*" means, whenever used with respect to a Series 2017 Bond, the person in whose name such Series 2017 Bond is recorded as the beneficial owner of such Series 2017 Bond by a Participant on the records of such Participant or such person's subrogee.

"*Book-Entry Bonds*" means the Series 2017 Bonds held by DTC (or its nominee) as the Holder thereof pursuant to the terms and provisions of Section 2.05 hereof.

"*Cede & Co.*" means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2017 Bonds.

"*Continuing Disclosure Certificate*" means the certificate of the Authority, dated the date of issuance of the Series 2017 Bonds, pursuant to which the Authority shall agree to undertake for the benefit of the Holders and the Beneficial Owners of the Series 2017 Bonds certain ongoing disclosure requirements.

"*Costs of Issuance*" means all costs and expenses incurred by the Authority in connection with the issuance of the Series 2017 Bonds, including, but not limited to, costs and expenses of printing and copying documents, the preliminary and final official statements and the Series 2017 Bonds, underwriters' compensation, and the fees, costs and expenses of rating agencies, the Trustee, counsel, accountants, financial advisors, feasibility consultants and other consultants.

"*DTC*" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"*EMMA System*" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system or any successor nationally recognized municipal securities information repositories recognized by the Securities and Exchange Commission.

"*Fifth Supplemental Subordinate Indenture*" means this Fifth Supplemental Subordinate Trust Indenture, dated as of [_______] 1, 2017, by and between the Authority and the Trustee and which, among other things, sets forth the terms of the Series 2017 Bonds.

"*Interest Payment Date*" means each January 1 and July 1, commencing [January 1], 2018, the dates upon which interest on the Series 2017 Bonds becomes due and payable.

"*Master Subordinate Indenture*" means the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended from time to time, by and between the Authority and the Trustee under which the Series 2017 Bonds are authorized and secured.

"*Non-AMT Revolving Obligation Debt Service Fund*" has the meaning set forth in the Third Supplemental Subordinate Indenture.

"*Non-AMT Revolving Obligation Redemption Account*" means the Redemption Account of the Non-AMT Revolving Obligation Debt Service Fund established and maintained by the Trustee in accordance with the provisions of the Third Supplemental Subordinate Indenture.

"*Participants*" means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

"*Paying Agent*," for purposes of this Fifth Supplemental Subordinate Indenture, means the Trustee, or any other institution appointed by the Authority.

"*Record Date*" means for a January 1 Interest Payment Date the preceding December 15 and for a July 1 Interest Payment Date the preceding June 15.

"*Refunded Non-AMT Revolving Obligations*" means, collectively (a) $[13,750,000.00] aggregate principal amount of the Authority's Subordinate Airport Revenue Revolving Obligations, Series A (Non-AMT) (Advance #2), (b) $[6,000,000.00] aggregate principal amount of the Authority's Subordinate Airport Revenue Revolving Obligations, Series A (Non-AMT) (Advance #3), (c) $[4,500,000.00] aggregate principal amount of the Authority's Subordinate Airport Revenue Revolving Obligations, Series A (Non-AMT) (Advance #4), and (d) $[2,300,000.00] aggregate principal amount of the Authority's Subordinate Airport Revenue Revolving Obligations, Series A (Non-AMT) (Advance #5), that will be refunded with a portion of the proceeds of the Series 2017A Bonds [and certain moneys to be contributed by the Authority on the date of issuance of the Series 2017A Bonds].

"*Registrar*" for purposes of this Fifth Supplemental Subordinate Indenture, means the Trustee.

"*Representation Letter*" means the Blanket Issuer Letter of Representations dated October 20, 2005 from the Authority to DTC.

"*Reserve Fund*" means the "San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Debt Service Reserve Fund" established pursuant to the Master Subordinate Indenture and the Second Supplemental Subordinate Indenture.

"*Reserve Fund Insurance Policy*" has the meaning as set forth in the Second Supplemental Subordinate Indenture.

"*Reserve Requirement*" shall have the meaning as set forth in the Second Supplemental Subordinate Indenture. At the time of issuance of the Series 2017 Bonds, the Reserve Requirement shall be equal to $[__________].

"*Second Supplemental Subordinate Indenture*" means the Second Supplemental Subordinate Trust Indenture, dated as of October 1, 2010, by and between the Authority and the Trustee.

"*Series 2017 Bonds*" means, collectively, the Series 2017A Bonds and the Series 2017B Bonds.

"*Series 2017 Costs of Issuance Fund*" means the Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2017 Bonds.

"*Series 2017 Rebate Fund*" means the Fund of such designation established pursuant to Section 4.01 hereof.

"*Series 2017 Reserve Account*" means the Account of such designation established in the Reserve Fund pursuant to Section 4.01 and 4.09 hereof.

"Series 2017 Term Bonds" means, collectively, the Series 2017A Term Bonds and the Series 2017B Term Bonds.

"*Series 2017A Bonds*" means $[PARA] aggregate principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture and designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A."

"*Series 2017A Construction Fund*" means the Construction Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of the Series 2017A Project.

"*Series 2017A Costs of Issuance Account*" means the Account of such designation established in the Series 2017 Costs of Issuance Fund pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2017A Bonds.

"*Series 2017A Debt Service Fund*" means the Debt Service Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay debt service on the Series 2017A Bonds.

"*Series 2017A Project*" means, collectively, any or all of those capital expenditures listed in Exhibit C-1 attached hereto which are to be financed and refinanced from amounts deposited into the Series 2017A Construction Fund.

"*Series 2017A Term Bonds*" means the Series 2017A Bonds maturing on July 1, 20[__] and July 1, 20[__].

"*Series 2017B Bonds*" means $[PARB] aggregate principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture and designated as "San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017B."

"*Series 2017B Construction Fund*" means the Construction Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of the Series 2017B Project.

"*Series 2017B Costs of Issuance Account*" means the Account of such designation established in the Series 2017 Costs of Issuance Fund pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2017B Bonds.

"*Series 2017B Debt Service Fund*" means the Debt Service Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay debt service on the Series 2017B Bonds.

"*Series 2017B Project*" means, collectively, any or all of those capital expenditures listed in Exhibit C-2 attached hereto which are to be financed and refinanced from amounts deposited into the Series 2017B Construction Fund.

"*Series 2017B Term Bonds*" means the Series 2017B Bonds maturing on July 1, 20[__] and July 1, 20[__].

"*Tax Certificate*" means the Tax Compliance Certificate, dated the date of issuance of the Series 2017 Bonds, as amended from time to time, entered into by the Authority and executed with respect to the Series 2017 Bonds.

"*Third Supplemental Subordinate Indenture*" means the Third Supplemental Subordinate Trust Indenture, dated as of September 1, 2014, by and between the Authority and the Trustee and which, among other things, sets forth the terms of the Refunded Non-AMT Revolving Obligations.

Section 1.02. Article and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Fifth Supplemental Subordinate Indenture.

ARTICLE II

THE SERIES 2017 BONDS

Section 2.01. Designation of the Series 2017 Bonds; Principal Amount. The Subordinate Obligations authorized to be issued under the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture shall be designated as (a) "San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A", which shall be issued in the original principal amount of $[PARA], and (b) "San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017B", which shall be issued in the original principal amount of $[PARB].

Section 2.02. Series 2017 Bonds Issued Under the Master Subordinate Indenture; Security; Parity. The Series 2017 Bonds are issued as Subordinate Obligations under and subject to the terms of the Master Subordinate Indenture and are secured by and payable from the Subordinate Net Revenues and other security provided in the Granting Clauses of the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture and in accordance with the terms of the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture.

To further secure the payment of the Series 2017 Bonds, the Authority in furtherance of the Master Subordinate Indenture hereby pledges and grants to the Trustee a lien on and security interest in and assigns to the Trustee all right, title and interest of the Authority, except as otherwise provided herein, in and to the Reserve Fund and all moneys and securities held from time to time therein and, with respect to any Reserve Fund Insurance Policy provided at any time in satisfaction of all or a portion of the Reserve Requirement, all rights, title and interest in such instruments and the proceeds thereof.

Section 2.03. General Terms of the Series 2017 Bonds. The Series 2017 Bonds shall, upon initial issuance, be dated [__________], 2017. Each Series 2017 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2017 Bond shall bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2017 Bond shall bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before [December 15], 2017, in which, event such Series 2017 Bond shall bear interest from [___________], 2017. If interest on the Series 2017 Bonds shall be in default, Series 2017 Bonds issued in exchange for Series 2017 Bonds surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2017 Bonds surrendered. The Series 2017 Bonds shall be issued in denominations of $5,000 original principal amount or integral multiples thereof.

Interest on the Series 2017 Bonds shall be paid on [January 1], 2018 and semiannually thereafter on January 1 and July 1.

Interest on the Series 2017 Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Series 2017A Bonds shall be issued in the original principal amount of $[PARA] and shall mature on the dates and in the principal amounts and bear interest at the interest rates as set forth in the following schedule:

Maturity Date (July 1)	**Principal Amount**	**Interest Rate**
	$	%

The Series 2017B Bonds shall be issued in the original principal amount of $[PARB] and shall mature on the dates and in the principal amounts and bear interest at the interest rates as set forth in the following schedule:

Maturity Date (July 1)	Principal Amount	Interest Rate
	$	%

Payment of the principal of the Series 2017 Bonds shall be made upon surrender of the Series 2017 Bonds to the Trustee or its agent; provided that with respect to the Series 2017 Bonds which are Book-Entry Bonds, the payment of the principal shall be made as provided in Section 2.05 hereof and the Representation Letter. Payment of interest on Series 2017 Bonds which are not Book-Entry Bonds shall be paid by check or draft of the Trustee mailed on the applicable Interest Payment Date by first-class mail to the person who is the Holder thereof on the Record Date, and such payment shall be mailed to such Holder at his address as it appears on the registration books of the Registrar. The payment of interest on Book-Entry Bonds shall be made as provided in Section 2.05 hereof and the Representation Letter. With respect to all Series 2017 Bonds, interest due and payable on any Interest Payment Date shall be paid to the person who is the Holder as of the Record Date. The Series 2017 Bonds shall be substantially in the form of Exhibit A attached hereto.

If the principal of a Series 2017 Bond becomes due and payable, but shall not have been paid as a result of a default hereunder, and no provision is made for its payment, then such Series 2017 Bond shall bear interest at the same rate after such default as on the day before the default occurred.

Principal and interest will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money.

Section 2.04. Exchange of Series 2017 Bonds. Series 2017 Bonds which are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of the same Series of such Series 2017 Bonds with the same interest rate and maturity date. The cost of printing Series 2017 Bonds and any services rendered or expenses incurred by the Trustee or the Registrar in connection with any transfer or exchange shall be paid by the Authority. The

Trustee or the Registrar may require the payment by the Holders requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer.

The Registrar will not, however, be required to transfer or exchange any such Series 2017 Bond during the period established by the Registrar for selection of Series 2017 Bonds for redemption or any Series 2017 Bond which has been selected for redemption.

Section 2.05. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section, the Holder of all of the Series 2017 Bonds shall be DTC and the Series 2017 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal and redemption price of and interest on any Series 2017 Bond registered in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the Record Date or special record date for Cede & Co. in the registration books of the Registrar.

(b) The Series 2017 Bonds shall be initially issued in the form of separate single authenticated fully registered bonds for each separate stated maturity and interest rate for each Series of the Series 2017 Bonds. Upon initial issuance, the ownership of such Series 2017 Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2017 Bonds registered in its name for the purposes of paying the principal and redemption price of and interest on the Series 2017 Bonds, selecting the Series 2017 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders under the Master Subordinate Indenture or this Fifth Supplemental Subordinate Indenture, registering the transfer of Series 2017 Bonds, obtaining any consent or other action to be taken by Holders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2017 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Holder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal and redemption price of or interest on the Series 2017 Bonds; any notice which is permitted or required to be given to Holders under the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2017 Bonds; any consent given or other action taken by DTC as Holder; or any other purpose. The Trustee shall pay all principal and redemption price of and interest on the Series 2017 Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal and redemption price of and interest on the Series 2017 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2017 Bond evidencing the obligation of the Authority to make payments of principal, redemption price and interest pursuant to the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Fifth Supplemental Subordinate Indenture shall refer to such new nominee of DTC.

(c) In the event the Authority determines that it is in the best interest of the Beneficial Owners that they be able to obtain Series 2017 Bond certificates, and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of Series 2017 Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Series 2017 Bond certificates as requested by DTC and any other Holders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2017 Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee shall be obligated to deliver Series 2017 Bond certificates as described in this Fifth Supplemental Subordinate Indenture. In the event Series 2017 Bond certificates are issued, the provisions of the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal and redemption price of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2017 Bonds to any Participant having Series 2017 Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2017 Bonds.

(d) Notwithstanding any other provision of the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture to the contrary, so long as any Series 2017 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and redemption price of and interest on such Series 2017 Bond and all notices with respect to such Series 2017 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Holders pursuant to the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Holders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Holder.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC, TO ANY PARTICIPANT OF THE PRINCIPAL AND REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2017 BONDS; THE PROVIDING OF NOTICE TO PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, OR ANY PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER OF THE SERIES 2017 BONDS.

ARTICLE III

REDEMPTION OF SERIES 2017 BONDS

Section 3.01. Notices to Holders. If the Authority wishes that any Series 2017 Bonds be redeemed pursuant to the provision of this Fifth Supplemental Subordinate Indenture, the Authority will notify the Trustee of the applicable provision, the Series of Series 2017 Bonds being redeemed, the redemption date, the Series, the maturity date, the interest rate, the CUSIP number and the principal amount and the redemption price of the Series 2017 Bonds to be redeemed and other necessary particulars. The Authority will give notice to the Trustee at least thirty-five (35) days before the redemption date, provided that the Trustee may, at its option, waive such notice or accept notice at a later date. The Trustee shall give notice of redemption, in the name of the Authority, to Holders affected by redemption at least thirty (30) days but not more than sixty (60) days before each redemption date, send such notice of redemption by first class mail (or with respect to Series 2017 Bonds held by DTC via electronic means or by an express delivery service for delivery on the next following Business Day or by such other means as otherwise permitted or required by DTC's procedures) to each Holder of a Series 2017 Bond to be redeemed. Each such notice shall be sent to the Holder's registered address.

Each notice of redemption shall specify the Series, the issue date, the maturity date, the interest rate and the CUSIP number of each Series 2017 Bond to be redeemed, if less than all Series 2017 Bonds of a Series, maturity date and interest rate are called for redemption the numbers assigned to the Series 2017 Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Trustee's name, that payment will be made upon presentation and surrender of the Series 2017 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

The Authority may provide that, if at the time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2017 Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business one (1) Business Day prior to the scheduled redemption date, and such notice shall be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption shall be canceled and on such cancellation date notice shall be mailed to the Holders of such Series 2017 Bonds to be redeemed in the manner provided in this Section.

Failure to give any required notice of redemption as to any particular Series 2017 Bonds will not affect the validity of the call for redemption of any Series 2017 Bonds in respect of which no failure occurs. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2017 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Trustee sufficient for redemption, interest on the Series 2017 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

If any Series 2017 Bonds, at the time of redemption, are not Book-Entry Bonds, then, at the time of the mailing required by the first paragraph of this Section, such redemption notice shall be (a) provided to the Municipal Securities Rulemaking Board through the EMMA System, and (b) given by (i) registered or certified mail, postage prepaid; (ii) telephonically confirmed facsimile transmission; or (iii) overnight delivery service, to:

The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099
Attention: Call Notification
Facsimile: (212) 855-7232

Failure to give the notice described in the immediately preceding paragraph or any defect therein shall not in any manner affect the redemption of any Series 2017 Bond.

Section 3.02. Redemption Dates. The date fixed for redemption of Series 2017 Bonds to be redeemed pursuant to any optional redemption provision as set forth in Sections 3.03 hereof shall be a date permitted by the Authority in the notice delivered pursuant to Section 3.01 hereof. The date fixed for mandatory sinking fund redemptions of the Series 2017 Term Bonds will be as set forth in Sections 3.04 hereof.

Section 3.03. Optional Redemption of the Series 2017 Bonds.

(a) The Series 2017A Bonds maturing on or before July 1, 20[__] are not subject to optional redemption prior to maturity. The Series 2017A Bonds maturing on or after July 1, 20[__] are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20[__] at a redemption price equal to 100% of the principal amount of the Series 2017A Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

(b) The Series 2017B Bonds maturing on or before July 1, 20[__] are not subject to optional redemption prior to maturity. The Series 2017B Bonds maturing on or after July 1, 20[__] are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20[__] at a redemption price equal to 100% of the principal amount of the Series 2017B Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Section 3.04. Mandatory Sinking Fund Redemption of the Series 2017 Term Bonds.

(a) The Series 2017A Bonds maturing on July 1, 20[__] are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

July 1 of the Year	Principal Amount
	$
*	

*Final Maturity Date

(b) The Series 2017B Bonds maturing on July 1, 20[__] are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

July 1 of the Year	Principal Amount
	$
*	

*Final Maturity Date

(c) Except as otherwise provided in Section 2.05 hereof, on or before the forty-fifth (45^{th}) day prior to any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption (by lot in such manner as the Trustee may determine), from the applicable Series 2017 Term Bonds subject to such redemption, an aggregate principal amount of such Series 2017 Term Bonds equal to the amount for such year as set forth in the applicable table above and shall call such Series 2017 Term Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

(d) At the option of the Authority, to be exercised by delivery of a written certificate to the Trustee on or before the sixtieth (60^{th}) day next preceding any mandatory sinking fund redemption date for the Series 2017 Term Bonds, it may (i) deliver to the Trustee for cancellation Series 2017 Term Bonds or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Authority or (ii) specify a principal amount of such Series 2017 Term Bonds or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Trustee at the request of the Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2017 Term Bond or portion thereof so purchased, acquired or optionally redeemed and delivered to the Trustee for cancellation shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Authority to pay the principal of such Series 2017 Term Bond on such mandatory sinking fund redemption date. In the event the Authority redeems any of the Series 2017 Term Bonds pursuant to Section 3.03 hereof, the Authority will provide the Trustee revised mandatory sinking fund schedules, if applicable.

Section 3.05. Selection of Series 2017 Bonds for Redemption; Series 2017 Bonds Redeemed in Part. The Series 2017 Bonds are subject to redemption in such order of maturity and interest rate within a Series (except mandatory sinking fund payments on the Series 2017 Term Bonds) as the Authority may direct, and by lot within such maturity and interest rate selected in such manner as the Trustee (or DTC, as long as DTC is the securities depository for the Series 2017 Bonds) shall deem appropriate, within a maturity and interest rate.

Upon surrender of a Series 2017 Bond to be redeemed, in part only, the Trustee will authenticate for the Holder a new Series 2017 Bond or Series 2017 Bonds, of the same Series, maturity date and interest rate equal in principal amount to the unredeemed portion of the Series 2017 Bonds surrendered.

Section 3.06. Payment of Series 2017 Bonds Called for Redemption. Upon surrender to the Trustee or the Trustee's agent, Series 2017 Bonds called for redemption shall be paid at the redemption price stated in the notice, plus, when applicable, interest accrued to the date fixed for redemption.

Section 3.07. Effect of Redemption Call. On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, the Series 2017 Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Series 2017 Bonds shall cease to accrue from and after such redemption date, such Series 2017 Bonds shall cease to be entitled to any lien, benefit or security under the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture and the Holders of such Series 2017 Bonds shall have no rights in respect thereof except to receive payment of the redemption price.

Series 2017 Bonds which have been duly called for redemption under the provisions of this Article III and for the payment of the redemption price of which moneys shall be held in trust for the Holders of the Series 2017 Bonds to be redeemed, all as provided in this Fifth Supplemental Subordinate Indenture, shall not be deemed to be Outstanding under the provisions of the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture.

ARTICLE IV

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts. The following funds and accounts are hereby established:

(a) San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017A Debt Service Fund (the "***Series 2017A Debt Service Fund***") and therein an Interest Account, [a Capitalized Interest Account,] a Principal Account and a Redemption Account, to be held by the Trustee;

(b) San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017A Construction Fund (the "***Series 2017A Construction Fund***"), to be held by the Trustee;

(c) San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017B Debt Service Fund (the "***Series 2017B Debt Service Fund***") and therein an Interest Account, [a Capitalized Interest Account,] a Principal Account and a Redemption Account, to be held by the Trustee;

(d) San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017B Construction Fund (the "***Series 2017B Construction Fund***"), to be held by the Trustee;

(e) San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017 Costs of Issuance Fund (the "***Series 2017 Costs of Issuance Fund***") and therein (i) the San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017A Costs of Issuance Account (the "***Series 2017A Costs of Issuance Account***") and (ii) the San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017B Costs of Issuance Account (the "***Series 2017B Costs of Issuance Account***"), to be held by the Trustee;

(f) San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017 Reserve Account (the "***Series 2017 Reserve Account***"), to be held by the Trustee; and

(g) San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017 Rebate Fund (the "***Series 2017 Rebate Fund***"), to be held by the Trustee.

Section 4.02. Application of Series 2017A Bond Proceeds. The proceeds of the sale of the Series 2017A Bonds, being the amount of $[_________] (which sum represents the par amount of the Series 2017A Bonds of $[PARA].00, plus [an original issue premium] in the amount of $[__________], and less an underwriters' discount in the amount of $[__________]) received by the Trustee shall be deposited by the Trustee as follows:

(a) $[__________], representing Capitalized Interest, shall be deposited in the Capitalized Interest Account of the Series 2017A Debt Service Fund to be used to pay interest due and payable on the Series 2017A Bonds on the dates and in the amounts set forth in Section 4.05(b) hereof;

(b) $[__________] shall be deposited into the Series 2017 Reserve Account of the Reserve Fund;

(c) $[__________] shall be deposited into the Series 2017A Costs of Issuance Account to be used to pay the Costs of Issuance of the Series 2017A Bonds;

(d) $[__________] shall be deposited to the Non-AMT Revolving Obligation Redemption Account for the purpose of current refunding the Refunded Non-AMT Revolving Obligations; and

(e) $[__________] shall be deposited into the Series 2017A Construction Fund to be used to pay the Costs of the Series 2017A Project.

Section 4.03. Application of Series 2017B Bond Proceeds. The proceeds of the sale of the Series 2017B Bonds, being the amount of $[_________] (which sum represents the par amount of the Series 2017B Bonds of $[PARB].00, plus [an original issue premium] in the amount of $[__________], and less an underwriters' discount in the amount of $[__________]) received by the Trustee shall be deposited by the Trustee as follows:

(a) $[__________], representing Capitalized Interest, shall be deposited in the Capitalized Interest Account of the Series 2017B Debt Service Fund to be used to pay interest due and payable on the Series 2017B Bonds on the dates and in the amounts set forth in Section 4.07(b) hereof;

(b) $[__________] shall be deposited into the Series 2017 Reserve Account of the Reserve Fund;

(c) $[__________] shall be deposited into the Series 2017B Costs of Issuance Account to be used to pay the Costs of Issuance of the Series 2017B Bonds; and

(d) $[__________] shall be deposited into the Series 2017B Construction Fund to be used to pay the Costs of the Series 2017B Project.

Section 4.04. Series 2017A Construction Fund.

(a) There shall be deposited into the Series 2017A Construction Fund the amounts as provided in Section 4.02(e) hereof and any amounts transferred from the Capitalized Interest Account of the Series 2017A Debt Service Fund representing Capitalized Interest and earnings thereon as described in Section 4.05(b) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2017A Construction Fund upon receipt from the Authority of a written requisition, in substantially the form attached hereto as Exhibit D-1, executed by an Authorized Authority Representative, which requisition shall state, with respect to each amount requested thereby, (i) that such amount is to be paid from the Series 2017A Construction Fund and is not to be used to pay Costs of Issuance, (ii) the number of the requisition, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, (iv) that the amount to be paid represents a Cost of the Series 2017A Project as described in Exhibit C-1 hereto, and (v) that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Series 2017A Construction Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments. Earnings on the Series 2017A Construction Fund shall be retained in the Series 2017A Construction Fund.

(d) The completion of the Series 2017A Project shall be evidenced by the filing with the Trustee of a certificate of an Authorized Authority Representative stating either (i) the date of completion of the Series 2017A Project and the amount, if any, required in the opinion of such Authorized Authority Representative for the payment of any remaining part of the Costs of the Series 2017A Project or (ii) that all amounts in the Series 2017A Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the Series 2017A Construction Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the Series 2017A Project, may, at the determination of the Authority, be applied upon written requisition of an Authorized Authority Representative to any other lawful purpose designated in such requisition. As a condition to the disbursement of funds for a purpose other than the financing of the Series 2017A Project, there shall be delivered to the Trustee with the requisition an opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used and that such use shall not result in the inclusion of interest on any Series 2017A Bonds in gross income of the recipient thereof for federal income tax purposes.

Section 4.05. Series 2017A Debt Service Fund. The Trustee shall make deposits into the Series 2017A Debt Service Fund and use such deposits as follows:

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account (i) the amounts as provided in Section 4.05(b) hereof, (ii) the amounts received from the Authority, as provided in the Master Subordinate Indenture, to be used to pay interest on the Series 2017A Bonds and, if the Authority enters into an interest rate swap agreement with respect to all or a portion of the Series 2017A Bonds, to pay amounts due and payable to the provider of such agreement at such times as are provided in such interest rate swap agreement, and (iii) if the Authority enters into an interest rate swap agreement with respect to all or a portion of the Series 2017A Bonds, any amounts received by the Authority from the provider of such agreement. The Trustee also shall deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2017A Bonds in accordance with their terms and amounts due and payable by the Authority under any interest rate swap agreement entered into by the Authority with respect to all or a portion of the Series 2017A Bonds (other than any swap termination payments and any other amounts payable thereunder which are payable and secured by a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations) at any time in proportion to the amounts due or accrued with respect to each of them.

[Earnings on any Passenger Facility Charges deposited in the Interest Account shall be retained in the Interest Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings shall be retained in such account.]

(b) ***Capitalized Interest Account***. The Trustee shall deposit into the Capitalized Interest Account the amounts as provided in Section 4.02(a) hereof. Amounts deposited to the Capitalized Interest Account shall be transferred to the Interest Account on the dates provided for in Section 4.02 of the Master Subordinate Indenture for the payment of interest on the Series 2017A Bonds. The Trustee shall transfer the following amounts from the Capitalized Interest Account to the Interest Account for payment of interest on the Series 2017A Bonds on the following applicable Interest Payment Dates:

Interest Payment Date	**Amount to be Transferred to Interest Account**
	$

Until the Series 2017A Project is completed, earnings on amounts on deposit in the Capitalized Interest Account shall be retained in the Capitalized Interest Account and transferred to the Interest Account to pay interest on the Series 2017A Bonds as provided in the table above. On the completion date of the Series 2017A Project, any amounts remaining on deposit in the Capitalized Interest Account shall be transferred to the Series 2017A Construction Fund.

All amounts held at any time in the Capitalized Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2017A Bonds in accordance with their terms.

(c) ***Principal Account****.* The Trustee shall deposit into the Principal Account amounts received from the Authority as provided in the Master Subordinate Indenture. The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Principal Account shall be used by the Trustee to pay the principal of the Series 2017A Bonds whether at maturity [or by mandatory sinking fund redemption as provided in Section 3.04 hereof] on the applicable Payment Dates. [Earnings on Passenger Facility Charges deposited in the Principal Account shall be retained in the Principal Account. On or about July 15 of each Fiscal Year, earnings on the Principal Account (except earnings on Passenger Facility Charges) shall be withdrawn by the Trustee and paid to the Authority for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings shall be retained in the Principal Account.]

(d) ***Redemption Account****.* The Trustee shall deposit into the Redemption Account amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay the redemption price of Series 2017A Bonds being redeemed as provided in Section 3.03 hereof. The Trustee shall also deposit into the Redemption Account any other amounts deposited with the Trustee for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Redemption Account shall be used by the Trustee to pay the redemption price of the Series 2017A Bonds being redeemed as provided in Section 3.03 hereof. Earnings on amounts in the Redemption Account shall be retained in such account or paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The Series 2017A Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 4.06. Series 2017B Construction Fund.

(a) There shall be deposited into the Series 2017B Construction Fund the amounts as provided in Section 4.03(d) hereof and any amounts transferred from the Capitalized Interest Account of the Series 2017B Debt Service Fund representing Capitalized Interest and earnings thereon as described in Section 4.07(b) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2017B Construction Fund upon receipt from the Authority of a written requisition, in substantially the form attached hereto as Exhibit D-3, executed by an Authorized Authority Representative, which requisition shall state, with respect to each amount requested thereby, (i) that such amount is to be paid from the Series 2017B Construction Fund and is not to be used to pay Costs of Issuance, (ii) the number of the requisition, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, (iv) that the amount to be paid represents a Cost of the Series 2017B Project as described in Exhibit C-2 hereto, and (v) that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Series 2017B Construction Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments. Earnings on the Series 2017B Construction Fund shall be retained in the Series 2017B Construction Fund.

(d) The completion of the Series 2017B Project shall be evidenced by the filing with the Trustee of a certificate of an Authorized Authority Representative stating either (i) the date of completion of the Series 2017B Project and the amount, if any, required in the opinion of such Authorized Authority Representative for the payment of any remaining part of the Costs of the Series 2017B Project or (ii) that all amounts in the Series 2017B Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the Series 2017B Construction Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the Series 2017B Project, may, at the determination of the Authority, be applied upon written requisition of an Authorized Authority Representative to any other lawful purpose designated in such requisition. As a condition to the disbursement of funds for a purpose other than the financing of the Series 2017B Project, there shall be delivered to the Trustee with the requisition an opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used and that such use shall not result in the inclusion of interest on any Series 2017B Bonds in gross income of the recipient thereof for federal income tax purposes.

Section 4.07. Series 2017B Debt Service Fund. The Trustee shall make deposits into the Series 2017B Debt Service Fund and use such deposits as follows:

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account (i) the amounts as provided in Section 4.07(b) hereof, (ii) the amounts received from the Authority, as provided in the Master Subordinate Indenture, to be used to pay interest on the Series 2017B Bonds and, if the Authority enters into an interest rate swap agreement with respect to all or a portion of the Series 2017B Bonds, to pay amounts due and payable to the provider of such agreement at such times as are provided in such interest rate swap agreement, and (iii) if the Authority enters into an interest rate swap agreement with respect to all or a portion of the Series 2017B Bonds, any amounts received by the Authority from the provider of such agreement. The Trustee also shall deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2017B Bonds in accordance with their terms and amounts due and payable by the Authority under any interest rate swap agreement entered into by the Authority with respect to all or a portion of the Series 2017B Bonds (other than any swap termination payments and any other amounts payable thereunder which are payable and secured by a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations) at any time in proportion to the amounts due or accrued with respect to each of them.

[Earnings on any Passenger Facility Charges deposited in the Interest Account shall be retained in the Interest Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings shall be retained in such account.]

(b) ***Capitalized Interest Account***. The Trustee shall deposit into the Capitalized Interest Account the amounts as provided in Section 4.03(a) hereof. Amounts deposited to the Capitalized Interest Account shall be transferred to the Interest Account on the dates provided for in Section 4.02 of the Master Subordinate Indenture for the payment of interest on the Series 2017B Bonds. The Trustee shall transfer the following amounts from the Capitalized Interest Account to the Interest Account for payment of interest on the Series 2017B Bonds on the following applicable Interest Payment Dates:

Interest Payment Date	Amount to be Transferred to Interest Account
	$

Until the Series 2017B Project is completed, earnings on amounts on deposit in the Capitalized Interest Account shall be retained in the Capitalized Interest Account and transferred to the Interest Account to pay interest on the Series 2017B Bonds as provided in the table above. On the completion date of the Series 2017B Project, any amounts remaining on deposit in the Capitalized Interest Account shall be transferred to the Series 2017B Construction Fund.

All amounts held at any time in the Capitalized Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2017B Bonds in accordance with their terms.

(c) ***Principal Account.*** The Trustee shall deposit into the Principal Account amounts received from the Authority as provided in the Master Subordinate Indenture. The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Principal Account shall be used by the Trustee to pay the principal of the Series 2017B Bonds whether at maturity [or by mandatory sinking fund redemption as provided in Section 3.04 hereof] on the applicable Payment Dates. [Earnings on Passenger Facility Charges deposited in the Principal Account shall be retained in the Principal Account. On or about July 15 of each Fiscal Year, earnings on the Principal Account (except earnings on Passenger Facility Charges) shall be withdrawn by the Trustee and paid to the Authority for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture, in which event the earnings shall be retained in the Principal Account.]

(d) ***Redemption Account***. The Trustee shall deposit into the Redemption Account amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay the redemption price of Series 2017B Bonds being redeemed as provided in Section 3.03 hereof. The Trustee shall also deposit into the Redemption Account any other amounts deposited with the Trustee for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Redemption Account shall be used by the Trustee to pay the redemption price of the Series 2017B Bonds being redeemed as provided in Section 3.03 hereof. Earnings on amounts in the Redemption Account shall be retained in such account or paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The Series 2017B Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 4.08. Series 2017 Costs of Issuance Fund.

(a) There shall, be deposited into the Series 2017 Costs of Issuance Fund the amounts as provided in Sections 4.02(c) and 4.03(c) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2017 Costs of Issuance Fund upon receipt from the Authority of a written requisition in substantially the form attached hereto as Exhibit D-2, executed by an Authorized

Authority Representative, which requisition shall state, with respect to each amount requested thereby, (i) the Account within the Series 2017 Costs of Issuance Fund from which such amount is to be paid, (ii) that such amount is to be paid from such Account of the Series 2017 Costs of Issuance Fund, (iii) the number of the requisition, (iv) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, and (v) describe the Costs of Issuance represented by such payment. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Series 2017 Costs of Issuance Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

(d) Earnings on the Series 2017A Costs of Issuance Account shall be deposited into the Series 2017A Construction Fund. Any amounts remaining in the Series 2017A Costs of Issuance Account on [_______, 201__] shall be transferred to the Series 2017A Construction Fund and the Series 2017A Costs of Issuance Account shall be closed.

(e) Earnings on the Series 2017B Costs of Issuance Account shall be deposited into the Series 2017B Construction Fund. Any amounts remaining in the Series 2017B Costs of Issuance Account on [_______, 201__] shall be transferred to the Series 2017B Construction Fund and the Series 2017B Costs of Issuance Account shall be closed.

Section 4.09. Series 2017 Reserve Account. In accordance with Section 4.12(a) of the Second Supplemental Subordinate Indenture, the Authority hereby elects to have the Series 2017 Bonds participate in the Reserve Fund. As provided in Sections 4.02(b) and 4.03(b) hereof, at the time of the issuance of the Series 2017 Bonds, a portion of the proceeds of the Series 2017 Bonds shall be deposited into the Series 2017 Reserve Account. The Series 2017 Reserve Account shall be established for purposes of calculating and accounting for the amount of earnings upon the portion of the Reserve Fund allocable to the Series 2017 Bonds for rebate purposes as set forth in the Tax Certificate, but for all other purposes shall be held, invested and used as an integral part of the Reserve Fund as provided in Section 4.12(a) of the Second Supplemental Subordinate Indenture and shall be available to make payments on all of the Series of Subordinate Obligations participating in the Reserve Fund as if no separate Account had been created. In the event a Reserve Fund Insurance Policy is ever issued with respect to the Reserve Fund, the Trustee is hereby directed to credit the Series 2017 Reserve Account with the portion of any Reserve Fund Insurance Policy allocable thereto. In the event amounts in the Reserve Fund exceed the Reserve Requirement, such excess allocable to the Series 2017A Bonds shall be transferred to the Interest Account in the Series 2017A Debt Service Fund and such excess allocable to the Series 2017B Bonds shall be transferred to the Interest Account in the Series 2017B Debt Service Fund.

Section 4.10. Sources of Payment of the Series 2017 Bonds. The Series 2017 Bonds shall be secured by and payable from the Subordinate Net Revenues as provided in the Master

Subordinate Indenture and moneys and other investments held by the Trustee in the Reserve Fund. The Authority may, but is not obligated to, provide for the payment of the principal of and interest on the Series 2017 Bonds from any other source or from any other funds of the Authority.

ARTICLE V

TAX COVENANTS

Section 5.01. Series 2017 Rebate Fund. The Authority hereby agrees that it will execute the Tax Certificate and will, pursuant to this Fifth Supplemental Subordinate Indenture, cause the Series 2017 Rebate Fund to be established, which fund will be funded if so required pursuant to the provisions of the Tax Certificate and amounts in such Series 2017 Rebate Fund shall be held and disbursed in accordance with the Tax Certificate.

Section 5.02. Preservation of Tax Exemption on Series 2017 Bonds.

(a) The Authority shall comply with the covenants and agreements set forth in the Tax Certificate.

(b) The Authority shall not use or permit the use of any proceeds of the Series 2017 Bonds or any other funds of the Authority held by the Trustee under the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture allocable to the Series 2017 Bonds, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority or the Trustee with respect to the Series 2017 Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Series 2017 Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code or an "arbitrage bond" within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. In the event the Authority is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Trustee or to use such money in certain manners, in order to avoid the Series 2017 Bonds being considered "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Series 2017 Bonds at such time, the Authority shall issue to the Trustee a certificate to such effect together with appropriate instructions, in which event the Trustee shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

(c) The Authority shall at all times do and perform all acts and things permitted by law and this Fifth Supplemental Subordinate Indenture which are necessary or desirable in order to assure that interest paid on the Series 2017 Bonds will not be included in gross income for federal income tax purposes (other than interest paid to holders of the Series 2017B Bonds that are a "substantial user" of the facilities financed or refinanced with the Series 2017B Bonds or a "related person" within the meaning of

Section 147(a) of the Code) and shall take no action that would result in such interest being included in gross income for federal income tax purposes (other than interest paid to holders of the Series 2017B Bonds that are a "substantial user" of the facilities financed or refinanced with the Series 2017B Bonds or a "related person" within the meaning of Section 147(a) of the Code).

ARTICLE VI

MISCELLANEOUS

Section 6.01. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Fifth Supplemental Subordinate Indenture or the Series 2017 Bonds must be in writing except as expressly provided otherwise in this Fifth Supplemental Subordinate Indenture or the Series 2017 Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the Authority or the Trustee at the addresses provided in the Master Subordinate Indenture or when delivered by hand and received by the Authority or the Trustee at the addresses provided in the Master Subordinate Indenture. Any addressee may designate additional or different addresses for purposes of this Section. In addition to the address set forth in the Master Subordinate Indenture, all notices and communications to be sent to the Trustee shall also be sent to U.S. Bank National Association, 633 West Fifth Street, 24^{th} Floor, Los Angeles, California 90071, Attention: Corporate Trust Services.

Section 6.02. Modification of Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture. The Authority may, from time to time and at any time execute and deliver Supplemental Subordinate Indentures supplementing and/or amending the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture in the manner set forth in Article X of the Master Subordinate Indenture.

Section 6.03. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Master Subordinate Indenture and this Fifth Supplemental Subordinate Indenture, failure of the Authority to comply with its obligations set forth in the Continuing Disclosure Certificate shall not constitute an Event of Default (as specified in Article VIII of the Master Subordinate Indenture); provided, however, that any participating underwriter for the Series 2017 Bonds or any Holder or Beneficial Owner of the Series 2017 Bonds may take such actions as may be necessary and appropriate to compel performance by the Authority of its obligations under this Section, including seeking mandate or specific performance by court order.

Section 6.04. Parties Interested Herein. Nothing in this Fifth Supplemental Subordinate Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee and the Holders of the Series 2017 Bonds, any right, remedy or claim under or by reason of this Fifth Supplemental Subordinate Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Fifth Supplemental Subordinate Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Holders of the Series 2017 Bonds.

Section 6.05. Severability. If any provision of this Fifth Supplemental Subordinate Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Fifth Supplemental Subordinate Indenture.

Section 6.06. Payments or Actions Occurring on Non-Business Days. If a payment date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made on the action taken on the stated date, and no interest shall accrue for the intervening period.

Section 6.07. Governing Law. This Fifth Supplemental Subordinate Indenture shall be governed by and construed in accordance with the laws of the State of California.

Section 6.08. Captions. The captions in this Fifth Supplemental Subordinate Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Fifth Supplemental Subordinate Indenture.

Section 6.09. Counterparts. This Fifth Supplemental Subordinate Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Subordinate Trust Indenture to be duly executed, all as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ______________________________

Kimberly J. Becker,
President and CEO

Attest:

By ______________________________

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

Approved as to form:

By ______________________________

Amy Gonzalez
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By ______________________________

Authorized Representative

[Signature page to Fifth Supplemental Subordinate Trust Indenture]

EXHIBIT A

FORM OF SERIES 2017 BOND

San Diego County Regional Airport Authority
Subordinate Airport Revenue Bond
Series 2017[A/B]

No. R-[___]　　　　　　　　　　　　Principal Amount: $_______________

[UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AS DEFINED IN THE HEREINAFTER DEFINED FIFTH SUPPLEMENTAL SUBORDINATE INDENTURE) TO THE TRUSTEE (AS HEREINAFTER DEFINED) FOR REGISTRATION OF, TRANSFER, EXCHANGE, OR PAYMENT, AND ANY SERIES 2017[A/B] BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

Interest Rate	Maturity Date	Original Dated Date	CUSIP
%	July 1, 20[__]	[_______], 2017	79739G[___]

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

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

The San Diego County Regional Airport Authority (the "Authority"), acting pursuant to Section 170000 *et seq*. of the California Public Utilities Code (the "Act") and with exclusive management and control of the Airport System, promises to pay, from the Subordinate Net Revenues, as hereinafter defined in this Bond, to ___________, or registered assigns, the principal sum of __________________ Dollars on the Maturity Date set forth above and to pay interest as provided in this Bond.

Additional provisions of this Bond are set forth on the following pages of this Bond.

All acts, conditions and other matters required to exist, to happen and to be performed, precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law and the Act.

Date of Authentication: ___________, 20__

U.S. BANK NATIONAL ASSOCIATION, as Trustee certifies that this is one of the Bonds referred to in the Master Subordinate Indenture and Fifth Supplemental Subordinate Indenture	SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
By ___________________________________ Authorized Signatory	By ___________________________________ President and CEO
	Attest: By: ___________________________________ Director, Corporate Services/ Authority Clerk

1. **Master Subordinate Indenture; Fifth Supplemental Subordinate Indenture.** The Authority has entered into a Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), with U.S. Bank National Association, as successor trustee (the "Trustee"). Such Master Subordinate Indenture provides that the Authority may issue bonds and incur other indebtedness under the terms and conditions set forth in the Master Subordinate Indenture and Supplemental Subordinate Indentures. All bonds and other indebtedness issued thereunder and secured thereby are collectively referred to herein as "Subordinate Obligations." All capitalized terms not defined herein shall have the meanings set forth in the Master Subordinate Indenture and the hereinafter defined Fifth Supplemental Subordinate Indenture.

This Bond is part of a series of Subordinate Obligations of the Authority issued under the Master Subordinate Indenture and the Fifth Supplemental Subordinate Trust Indenture, dated as of [__________] 1, 2017 (the "Fifth Supplemental Subordinate Indenture"), by and between the Authority and the Trustee and authorized by Resolution No. 2017-[_____] adopted by the board of directors of the Authority on [______], 2017. The series of Subordinate Obligations of which this Bond is a part is being issued in the original principal amount of $[PARA/PARB] and designated as San Diego County Regional Airport Authority Subordinate Airport Revenue

Bonds, Series 2017[A/B] (the "Series 2017[A/B] Bonds"). Simultaneously with the issuance of the Series 2017[A/B] Bonds, the Authority is issuing its $[PARA/PARB] San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017[A/B] (the "Series 2017[A/B] Bonds," and together with the Series 2017[A/B] Bonds, the "Series 2017 Bonds").

The Series 2017[A/B] Bonds are being issued with a pledge of and lien on Subordinate Net Revenues on a parity with the other Subordinate Obligations issued on a parity with the Series 2017 Bonds under the terms and provisions of the Master Subordinate Indenture.

The terms of the Series 2017[A/B] Bonds include the terms set forth in the Master Subordinate Indenture and the Fifth Supplemental Subordinate Indenture. Holders are referred to the Master Subordinate Indenture, as amended and supplemented from time to time, and the Fifth Supplemental Subordinate Indenture, as amended and supplemented from time to time, for a statement of those terms and for the meanings of any defined terms not defined herein.

2. **Source of Payments.** The Series 2017[A/B] Bonds are, as provided in the Master Subordinate Indenture and the Fifth Supplemental Subordinate Indenture, together with all other Subordinate Obligations, secured by and payable from, the Subordinate Net Revenues, as described below and as defined in the Master Subordinate Indenture. The Master Subordinate Indenture pledges the Subordinate Net Revenues to secure payment of all Subordinate Obligations issued under the Master Subordinate Indenture.

All defined terms used in such description shall have the meaning assigned to them in the Master Subordinate Indenture. The Authority is not required to provide for the payment of the Subordinate Obligations from any other source other than from certain funds and accounts under the Master Subordinate Indenture and the Supplemental Subordinate Indentures in accordance with their terms.

3. **Interest Rate.** This Bond shall bear interest until the Maturity Date at the rate shown on the first page of this Bond. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the rate on this Bond on the day before the default occurred.

Interest on this Bond shall be calculated on the basis of a year of 360 days and twelve 30-day months.

4. **Interest Payment and Record Dates.** Interest hereon will be due and payable on [January 1], 2018 and each January 1 and July 1 thereafter and will be paid to the party who is the owner hereof on the Record Date for such payment. The Record Date for a January 1 payment is the preceding December 15, and the Record Date for a July 1 payment is the preceding June 15. If this Bond is not a Book-Entry Bond, as defined in the Fifth Supplemental Subordinate Indenture, interest hereon will be paid by check mailed to the Holder's registered address, and, if this Bond is a Book-Entry Bond, as defined in the Fifth Supplemental Subordinate Indenture, interest will be paid as provided in the Fifth Supplemental Subordinate Indenture. Interest will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money. If any payment of interest on this Bond is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

5. **Payment of Principal.** Payment of principal of this Bond will be paid at maturity upon surrender of this Bond to the Trustee or its agent except that if this Bond is a Book-Entry Bond, the Trustee may make other arrangements for payment of principal. Principal will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money. If any payment of principal of this Bond is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

6. **Redemption**. All redemptions will be made at a redemption price of 100% of the principal amount of the Series 2017[A/B] Bonds being redeemed, plus interest accrued since the most recent interest payment date.

(a) ***Optional Redemption***. The Series 2017[A/B] Bonds maturing on or before July 1, 20[__] are not subject to optional redemption prior to maturity. The Series 2017[A/B] Bonds maturing on or after July 1, 20[__] are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20[__] at a redemption price equal to 100% of the principal amount of the Series 2017[A/B] Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

(b) ***Mandatory Sinking Fund Redemption***. [The Series 2017[A/B] Bonds with a stated Maturity Date of July 1, 20[__] will be subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon, on July 1, 20[__] and each July 1 thereafter, to and including July 1, 20[__] in accordance with the terms of a mandatory sinking fund redemption schedule set forth in the Fifth Supplemental Subordinate Indenture.]

(c) ***Notice of Redemption***. At least thirty (30) days but not more than sixty (60) days before each redemption, the Trustee will give notice sent as provided in the Fifth Supplemental Subordinate Indenture to each owner of a Series 2017 Bond to be redeemed. Failure to give any required notice of redemption will not affect the validity of the call for redemption of any Series 2017 Bond in respect of which no failure occurs. Any notice sent as provided in the Fifth Supplemental Subordinate Indenture will be conclusively presumed to have been given whether or not actually received by the addressee.

(d) ***Effect of Redemption***. When notice of redemption is given, and funds are deposited with the Trustee or an agent of the Trustee sufficient for redemption, interest on the Series 2017 Bonds to be redeemed ceases to accrue as of the redemption date.

7. **Denominations; Transfer; Exchange.** The Series 2017[A/B] Bonds are available in denominations of $5,000 and integral multiples thereof. A Holder may transfer or exchange Series 2017[A/B] Bonds in accordance with the Master Subordinate Indenture and the Fifth Supplemental Subordinate Indenture. The Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Master Subordinate Indenture. The Trustee need not transfer or exchange any Series 2017[A/B] Bond during the period established by the Registrar for

selection of Series 2017[A/B] Bonds for redemption of any Series 2017[A/B] Bond which has been selected for redemption.

8. **Persons Deemed Owners.** The registered owner of this Bond shall be treated as the owner of it for all purposes.

9. **Unclaimed Money.** If money for the payment of principal or interest remains unclaimed for two years, the Trustee will pay the money to or for the account of the Authority. After that, Holders entitled to the money must look only to the Authority and not to the Trustee for payment.

10. **Discharge Before Maturity.** If the Authority at any time deposits with the Trustee money, Government Obligations or obligations described in item (b) of the definition of Permitted Investments as described in the Master Subordinate Indenture sufficient to pay at maturity principal of and interest on the outstanding Series 2017[A/B] Bonds, and if the Authority also pays all other sums then payable by the Authority under the Master Subordinate Indenture, the Master Subordinate Indenture will be discharged. After discharge, Holders must look only to the deposited money and securities for payment. If the Authority at any time deposits with the Trustee money, Government Obligations or obligations described in item (b) of the definition of Permitted Investments as described in the Master Subordinate Indenture sufficient to pay at maturity, principal of and interest on all or any portion of the outstanding Series 2017[A/B] Bonds, such Series 2017[A/B] Bonds, with respect to which the deposit was made, shall no longer be deemed to be outstanding and shall no longer be secured by the Master Subordinate Indenture except to the extent of the funds set aside therefor.

11. **Amendment, Supplement, Waiver.** The Master Subordinate Indenture, the Fifth Supplemental Subordinate Indenture and the Series 2017[A/B] Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the Master Subordinate Indenture. Any consent given by the owner of this Bond shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond.

12. **Defaults and Remedies.** The Master Subordinate Indenture provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the Trustee may exercise the remedies set forth in the Master Subordinate Indenture. Under no circumstances does an Event of Default grant any right to accelerate payment of this Bond. An Event of Default and its consequences may be waived as provided in the Master Subordinate Indenture and the Fifth Supplemental Subordinate Indenture. Holders may not enforce the Master Subordinate Indenture or this Bond except as provided in the Master Subordinate Indenture and the Fifth Supplemental Subordinate Indenture. The Trustee may refuse to enforce the Master Subordinate Indenture or this Bond unless it receives indemnity satisfactory to it. Subject to certain limitations, Holders of a majority of the principal amount of the Series 2017[A/B] Bonds (determined in accordance with the terms of the Master Subordinate Indenture and the Fifth Supplemental Subordinate Indenture) may direct the Trustee in its exercise of any trust or power.

13. **No Recourse Against Others.** No member, director, officer or employee of the Authority shall have any personal liability for any obligations of the Authority under this Bond, the Master Subordinate Indenture or the Fifth Supplemental Subordinate Indenture or for any claim based on such obligations or their creation or be subject to any personal liability or accountability by reason of the issuance thereof. Each Holder, by accepting this Bond, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Bond.

14. **Authentication.** This Bond shall not be valid until the Trustee or an authenticating agent signs the certificate of authentication on the signature page of this Bond.

15. **Abbreviations.** Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), U/G/M/A (= Uniform Gifts to Minors Act) and U/T/M/A (= Uniform Transfers to Minors Act).

[FORM OF ASSIGNMENT]

I or we assign and transfer to

Insert social security or other
identifying number of assignee

[   ]

[   ]
____

____

____

(Print or type name, address and zip code of assignee) this Bond and irrevocably appoint
____

________________________ agent to transfer this Bond on the books of the Authority. The agent may substitute another to act for him.

Dated: __________________________________

Signed ____
(Sign exactly as name appears on the face of this Bond)

Signature guaranteed: ____

(NOTE: Signature(s) guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or such other guarantee program acceptable to the Trustee.)

EXHIBIT B

DEBT SERVICE SCHEDULES

San Diego County Regional Airport Authority
Subordinate Airport Revenue Bonds
Series 2017A

Date	Principal	Interest	Total
	$	$	$

San Diego County Regional Airport Authority
Subordinate Airport Revenue Bonds
Series 2017B

Date	Principal	Interest	Total
	$	$	$

EXHIBIT C-1

SERIES 2017A PROJECT

EXHIBIT C-2

SERIES 2017B PROJECT

EXHIBIT D-1

FORM OF SERIES 2017A CONSTRUCTION FUND REQUISITION

Requisition No. __________

To: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Services

Re: Requisition of Funds from San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017A Construction Fund

The amount requisitioned: $ ______________________________

Payment to be made to: ___________________________________

Manner in which payment is to be made: _____________________

Description of Costs of Series 2017A Project: _________________

The undersigned, an Authorized Authority Representative within the meaning of the Master Subordinate Trust Indenture, dated as of September 1, 2007, by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association, as successor trustee, as trustee (the "Trustee"), as supplemented by the Fifth Supplemental Subordinate Trust Indenture, dated as of [_________] 1, 2017 (the "Fifth Supplemental Subordinate Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017A Construction Fund held under the Fifth Supplemental Subordinate Indenture and directs that payment be made in the manner described above.

The amount to be paid represents Costs of the Series 2017A Project and does not represent Costs of Issuance associated with the issuance of the Series 2017A Bonds and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated [_________], 2017 and relating to the Series 2017A Bonds. Capitalized terms not otherwise defined herein shall have the applicable meanings in the Master Subordinate Indenture and the Fifth Supplemental Subordinate Indenture.

Dated: __________________.

By ___________________________________
Authorized Authority Representative

EXHIBIT D-2

FORM OF SERIES 2017B CONSTRUCTION FUND REQUISITION

Requisition No. __________

To: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Services

Re: Requisition of Funds from San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017B Construction Fund

The amount requisitioned: $ ______________________________

Payment to be made to: ___________________________________

Manner in which payment is to be made: _____________________

Description of Costs of Series 2017B Project: _________________

The undersigned, an Authorized Authority Representative within the meaning of the Master Subordinate Trust Indenture, dated as of September 1, 2007, by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association, as successor trustee, as trustee (the "Trustee"), as supplemented by the Fifth Supplemental Subordinate Trust Indenture, dated as of [_________] 1, 2017 (the "Fifth Supplemental Subordinate Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017B Construction Fund held under the Fifth Supplemental Subordinate Indenture and directs that payment be made in the manner described above.

The amount to be paid represents Costs of the Series 2017B Project and does not represent Costs of Issuance associated with the issuance of the Series 2017B Bonds and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated [_________], 2017 and relating to the Series 2017B Bonds. Capitalized terms not otherwise defined herein shall have the applicable meanings in the Master Subordinate Indenture and the Fifth Supplemental Subordinate Indenture.

Dated: __________________.

By ____________________________________
Authorized Authority Representative

EXHIBIT D-3

FORM OF SERIES 2017 COSTS OF ISSUANCE FUND REQUISITION

Requisition No. ___

To: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Services

Re: Requisition of Funds from San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017 Costs of Issuance Fund

The amount requisitioned: $________________

Payment to be made to: ____________________

Manner in which payment is to be made: __________________

Description of Costs of Issuance: __________________

The undersigned, an Authorized Authority Representative within the meaning of the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association, as successor trustee (the "Trustee"), as supplemented by the Fifth Supplemental Subordinate Trust Indenture, dated as of [_________] 1, 2017 (the "Fifth Supplemental Subordinate Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in **[check one]**

[_____] San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017A Costs of Issuance Account

[_____] San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017B Costs of Issuance Account

of the San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2017 Costs of Issuance Fund held under the Fifth Supplemental Subordinate Indenture and directs that payment be made in the manner described above.

The amount to be paid represents a Cost of Issuance of the Series 2017 Bonds and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate dated [________], 2017 and relating to the Series 2017 Bonds. Capitalized terms not otherwise defined herein shall have the applicable meanings in the Master Subordinate Indenture and the Fifth Supplemental Subordinate Indenture.

Dated: ___________________.

By ____
Authorized Authority Representative

ATTACHMENT 2

PRELIMINARY OFFICIAL STATEMENT DATED [JULY __], 2017

NEW ISSUES
BOOK-ENTRY ONLY

Ratings: See "RATINGS" herein.

In the opinion of Kutak Rock LLP, Bond Counsel to the Authority, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Subordinate Series 2017 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Subordinate Series 2017B Bond for any period during which such Subordinate Series 2017B Bond is held by a "substantial user" of the facilities financed or refinanced by the Subordinate Series 2017B Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Subordinate Series 2017A Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, except that interest on the Subordinate Series 2017A Bonds will be included in a corporate taxpayer's adjusted current earnings for purposes of computing its federal alternative minimum tax, and (b) interest on the Subordinate Series 2017B Bonds is a specific item of tax preference for purposes of the federal alternative minimum tax.. Bond Counsel is further of the opinion that interest on the Subordinate Series 2017 Bonds is exempt from present State of California personal income taxes. See "TAX MATTERS" herein.

[Insert Authority Logo]

[Airport Logo]

$[PAR]
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Subordinate Airport Revenue Bonds

$[PARA]	**$[PARB]**
Series 2017A	**Series 2017B**
(Non-AMT)	**(AMT)**

Dated: Date of Delivery **Due: July 1 as shown on the inside cover**

The San Diego County Regional Airport Authority (the "Authority") is issuing its Subordinate Airport Revenue Bonds, Series 2017A (the "Subordinate Series 2017A Bonds"), and Subordinate Airport Revenue Bonds, Series 2017B (the "Subordinate Series 2017B Bonds," and together with the Subordinate Series 2017A Bonds, the "Subordinate Series 2017 Bonds"), to (a) pay and/or reimburse the Authority for certain capital improvements at San Diego International Airport, (b) repay a portion of the outstanding Subordinate Revolving Obligations, (c) fund a portion of the interest accruing on the Subordinate Series 2017 Bonds, (d) make a deposit to the Subordinate Reserve Fund, and (e) pay the costs of issuance of the Subordinate Series 2017 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Subordinate Series 2017 Bonds are special obligations of the Authority, payable solely from and secured by a pledge of (a) Subordinate Net Revenues, which include certain income and revenue received by the Authority from the operation of the Airport System, less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System and less all amounts necessary to pay debt service on and fund the reserves for the Senior Bonds; and (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture. The Subordinate Series 2017 Bonds will be issued with a pledge of and lien on Subordinate Net Revenues on parity with the Authority's Subordinate Series 2010 Bonds, which, as of July 2, 2017, were outstanding in the aggregate principal amount of $536,990,000, the Authority's Subordinate Revolving Obligations, which are authorized to be outstanding in the aggregate principal amount of $125,000,000 at any one time, and the Authority's Subordinate Drawdown Bonds, which are authorized to be outstanding in the aggregate principal amount of $100,000,000 at any one time.

NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SUBORDINATE SERIES 2017 BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SUBORDINATE SERIES 2017 BONDS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS."

The Subordinate Series 2017 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the Subordinate Series 2017 Bonds may be made in book-entry-form only in denominations of $5,000 and integral multiplies thereof. Interest on the Subordinate Series 2017 Bonds will be payable on January 1 and July 1, commencing on [January] 1, 2018. So long as the Subordinate Series 2017 Bonds are held by DTC, the principal of and interest on the Subordinate Series 2017 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Subordinate Series 2017 Bonds, as more fully described herein. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

Maturity Schedule on Inside Front Cover

The Subordinate Series 2017 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SUBORDINATE SERIES 2017 BONDS—Redemption Provisions."

The purchase and ownership of Subordinate Series 2017 Bonds involve investment risk and may not be suitable for all investors. This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Subordinate Series 2017 Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, to obtain information essential to the making of an informed decision, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS." Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Subordinate Series 2017 Bonds are offered when, as and if issued by the Authority, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the Authority, and to certain other conditions. Certain matters will be passed upon for the Authority by its General Counsel and by Kutak Rock LLP, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. Frasca & Associates, LLC. has served as Municipal Advisor to the Authority. It is expected that the delivery of the Subordinate Series 2017 Bonds will be made through the facilities of DTC on or about [August __], 2017.

Morgan Stanley **Jefferies**

Backstrom McCarley Berry & Co., LLC **Citigroup** **RBC Capital Markets** **Siebert Cisneros Shank & Co., L.L.C.**

Date of Official Statement:

MATURITY SCHEDULE*

$[PARA]*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Subordinate Airport Revenue Bonds
Series 2017A
(Non-AMT)

Maturity Date (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP Numbers†

$________ _____% Term Bonds due July 1, 20___ – Yield ____%; Price _____%; CUSIP No.† ______

* Preliminary; subject to change.
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$[PARB]*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Subordinate Airport Revenue Bonds
Series 2017B
(AMT)

Maturity Date (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP Numbers†

$_________ _____% Term Bonds due July 1, 20___ – Yield ____%; Price _____%; CUSIP No.† ______

* Preliminary; subject to change.
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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS

C. April Boling (Chair)*
Paul Robinson (Vice Chair)*
Jim Janney*
Greg Cox
Jim Desmond
Robert H. Gleason
Mark Kersey
Mary Sessom
Michael Schumacher
Laurie Berman, *Ex-Officio* Member
Eraina Ortega, *Ex-Officio* Member
Colonel Jason G. Woodworth, *Ex-Officio* Member

*Member of the Executive Committee.

EXECUTIVE MANAGEMENT

Kimberly J. Becker, President and CEO
Scott M. Brickner. Vice President, Finance & Asset Management/Treasurer
Angela Shafer-Payne, Vice President, Operations Division
Jeffrey Woodson, Vice President, Development Division
Mark Burchyett, Chief Auditor
Amy Gonzalez, General Counsel

SUBORDINATE TRUSTEE

U.S. Bank National Association

INDEPENDENT AUDITORS

BKD, LLP

BOND COUNSEL AND DISCLOSURE COUNSEL

Kutak Rock LLP

MUNICIPAL ADVISOR

Frasca & Associates, LLC

FEASIBILITY CONSULTANT

Unison Consulting, Inc.

No dealer, broker, salesperson or other person has been authorized by the Authority to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Subordinate Series 2017 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Subordinate Series 2017 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. See "INTRODUCTION—Forward-Looking Statements" herein.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date hereof. This Official Statement is submitted in connection with the sale of the Subordinate Series 2017 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SUBORDINATE SERIES 2017 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE SUBORDINATE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SUBORDINATE SERIES 2017 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SUBORDINATE SERIES 2017 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SUBORDINATE SERIES 2017 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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4825-6633-1206.3

OFFICIAL STATEMENT

$[PAR]*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Subordinate Airport Revenue Bonds

$[PARA]*	**$[PARB]***
Series 2017A	**Series 2017B**
(Non-AMT)	**(AMT)**

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices, is to provide certain information concerning the sale and delivery by the San Diego County Regional Airport Authority (the "Authority") of its $[PARA]* San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A (the "Subordinate Series 2017A Bonds"), and $[PARB]* San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017B (the "Subordinate Series 2017B Bonds," and together with the Subordinate Series 2017A Bonds, the "Subordinate Series 2017 Bonds"). Capitalized terms used but not defined herein have the meanings ascribed to them in "APPENDIX C—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE AND THE FIFTH SUPPLEMENTAL SUBORDINATE INDENTURE—CERTAIN DEFINITIONS."

The Authority

The Authority is a local government entity of regional government, with jurisdiction extending throughout the County of San Diego (the "County"). The Authority was organized and exists pursuant to the provisions of the Constitution of the State of California and Section 170000 et seq. of the California Public Utilities Code (the "Act"). The Authority was formed for the purposes of: (a) operating the Airport System (the main asset of which is San Diego International Airport (Lindbergh Field) ("SDIA," "SAN" or the "Airport")); (b) planning and operating any future airport that could be developed as a supplement or replacement to SDIA; (c) developing a comprehensive land use plan as it may relate to the Airport System for the entire County; and (d) serving as the region's airport land use commission.

San Diego International Airport and Airport System

SDIA was owned and operated by the San Diego Unified Port District (the "Port District") until January 2003 at which time SDIA was transferred by long-term lease to the Authority (the "Transfer"). The Transfer included all obligations associated with SDIA, including bonds and commercial paper notes issued for the improvement of SDIA. SDIA is the busiest single-runway commercial airport in the United States and is classified as a large air traffic hub by the Federal Aviation Administration (the "FAA"). According to Airports Council International ("ACI") statistics, for the calendar year ended December 31, [2015 (the latest available information from ACI), SDIA was ranked as the [27th]] busiest airport in the country as measured by total number of enplaned and deplaned passengers. For the fiscal year ended June 30, 2016 ("Fiscal Year 2016"), SDIA enplaned approximately 10.2 million passengers, which represented an approximately 5.1% increase in enplaned passengers from the fiscal year ended June 30,

* Preliminary; subject to change.

2015. For the calendar year ended December 31, 2016, approximately 96% of the passengers using SDIA were origination and destination ("O&D") passengers (passengers beginning or ending their trips at SDIA, as opposed to passengers connecting through SDIA to other cities). See "THE AUTHORITY" and "SAN DIEGO INTERNATIONAL AIRPORT" herein.

In addition to operating SDIA, the Authority is responsible for operating the entire "Airport System," which includes all airports, airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce under the jurisdiction and control of the Authority, including SDIA, and any successor entities thereto, including all facilities and property related thereto, real or personal, under the jurisdiction or control of the Authority or in which the Authority has other rights or from which the Authority derives revenues at such location; and including or excluding, as the case may be, such property as the Authority may either acquire or which shall be placed under its control, or divest or have removed from its control. Currently, SDIA is the only airport in the Airport System.

Plan of Finance

The Subordinate Series 2017 Bonds are being issued to (a) pay and/or reimburse the Authority for certain capital improvements at SDIA, (b) repay $32,550,000 aggregate principal amount of the Authority's outstanding Subordinate Revolving Obligations (as defined herein), (c) fund a portion of the interest accruing on the Subordinate Series 2017 Bonds through and including [January] 1, 2018, (d) make a deposit to the Subordinate Reserve Fund (as defined herein), and (e) pay the costs of issuance of the Subordinate Series 2017 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" and "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT."

Subordinate Series 2017 Bonds and Pledge of Subordinate Net Revenues

The Subordinate Series 2017 Bonds are being issued pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "Subordinate Trustee"), and the Fifth Supplemental Subordinate Trust Indenture, to be dated as of August 1, 2017 (the "Fifth Supplemental Subordinate Indenture," and collectively with the Master Subordinate Indenture and all supplements thereto, the "Subordinate Indenture"), by and between the Authority and the Subordinate Trustee; the Act; and certain other provisions of California State law (including Section 53580 *et seq*. of the California Government Code). Additionally, the board of directors of the Authority (the "Board") authorized the issuance of the Subordinate Series 2017 Bonds pursuant to a resolution adopted by the Board on July 6, 2017 (the "Resolution"). See "DESCRIPTION OF THE SUBORDINATE SERIES 2017 BONDS."

The Subordinate Series 2017 Bonds are secured by a pledge of and first lien on Subordinate Net Revenues (as defined herein) on a parity with the Existing Subordinate Obligations (as defined herein), and any additional bonds or obligations issued or incurred on a parity with the Subordinate Series 2017 Bonds under the terms and provisions of the Master Subordinate Indenture (the "Additional Subordinate Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS—Flow of Funds," "—Pledge of Subordinate Net Revenues," "—Use of PFCs to Pay Debt Service" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE."

The Subordinate Series 2017 Bonds are special obligations of the Authority, payable solely from and secured by a pledge of (a) "Subordinate Net Revenues," which include Revenues (as defined herein), less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System (as defined herein), less the debt service on the Senior Bonds (as defined herein) and less the reserve and replenishment requirements on and relating to

the Senior Bonds, if any, and (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Subordinate Series 2017 Bonds, and neither the full faith and credit nor the taxing power of the Authority, the City of San Diego (the "City"), the County, the State of California (the "State") or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Subordinate Series 2017 Bonds.

Outstanding Subordinate Obligations

Pursuant to the Master Subordinate Indenture and the Second Supplemental Subordinate Trust Indenture, dated as of October 1, 2010 (the "Second Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee, the Authority previously issued, and as of July 2, 2017, there was $536,990,000 aggregate principal amount outstanding of its Subordinate Airport Revenue Bonds, Series 2010A (the "Subordinate Series 2010A Bonds"), Subordinate Airport Revenue Bonds, Series 2010B (the "Subordinate Series 2010B Bonds"), and Subordinate Airport Revenue Bonds, Series 2010C (the "Subordinate Series 2010C Bonds," and collectively with the Subordinate Series 2010A Bonds and the Subordinate Series 2010B Bonds, the "Subordinate Series 2010 Bonds").

Pursuant to the Master Subordinate Indenture, the Third Supplemental Subordinate Trust Indenture, dated as of September 1, 2014 (the "Third Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee, and the Revolving Credit Agreement, dated as of September 1, 2014, as amended (the "Subordinate Credit Agreement"), by and between the Authority and U.S. Bank National Association (the "Subordinate Revolving Obligations Bank"), the Authority is authorized to issue and have outstanding, from time to time, up to $125,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations (collectively, the "Subordinate Revolving Obligations"). As of July 2, 2017, the Authority had $58,988,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. All Subordinate Revolving Obligations issued by the Authority are purchased by the Subordinate Revolving Obligations Bank in accordance with the terms of the Subordinate Credit Agreement. On or about [August] 1, 2017, the Authority expects to repay $32,550,000 million of the Subordinate Revolving Obligations with a portion of the proceeds of the Subordinate Series 2017A Bonds and certain other available moneys of the Authority.

Additionally, pursuant to the Master Subordinate Indenture, the Fourth Supplemental Subordinate Trust Indenture, dated as of April 1, 2017 (the "Fourth Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee, the Bondholder's Agreement, dated as of April 1, 2017 (the "Subordinate Drawdown Bondholder's Agreement"), by and between the Authority and RBC Municipal Products, LLC (the "Subordinate Drawdown Bond Purchaser"), and the Bond Purchase Agreement, dated April 19, 2017 (the "Subordinate Drawdown Bond Purchase Agreement"), between RBC Capital Markets LLC (the "Subordinate Drawdown Bond Underwriter") and the Authority, the Authority is authorized to issue and have outstanding, from time to time, up to $100,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds (collectively, the "Subordinate Drawdown Bonds"). As of the date of this Official Statement, the Authority had no Subordinate Drawdown Bonds outstanding. When issued, all Subordinate Drawdown Bonds will be purchased by the Subordinate Drawdown Bond Purchaser in accordance with the terms of the Subordinate Drawdown Bondholder's Agreement and the Subordinate Drawdown Bond Purchase Agreement.

The Subordinate Series 2010 Bonds, the Subordinate Revolving Obligations and the Subordinate Drawdown Bonds are collectively referred to in this Official Statement as the "Existing Subordinate

Obligations"; and the Subordinate Series 2017 Bonds, the Existing Subordinate Obligations and any Additional Subordinate Obligations are collectively referred to in this Official Statement as "Subordinate Obligations." The Subordinate Obligations are secured by a pledge of Subordinate Net Revenues and certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS—Flow of Funds," and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations."

Senior Bonds

Pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Senior Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Senior Trustee"), and the Third Supplemental Trust Indenture, dated as of January 1, 2013 (the "Third Supplemental Senior Indenture," and collectively with the Master Senior Indenture and all supplements thereto, the "Senior Indenture"), by and between the Authority and the Senior Trustee, the Authority has previously issued and, as of July 2, 2017, there was outstanding \$373,310,000 aggregate principal amount of its Senior Airport Revenue Bonds, Series 2013A (the "Senior Series 2013A Bonds"), and Senior Airport Revenue Bonds, Series 2013B (the "Senior Series 2013B Bonds," and together with the Senior Series 2013A Bonds, the "Senior Series 2013 Bonds"). The Senior Series 2013 Bonds are secured by a pledge of and first lien on Net Revenues senior to the Subordinate Obligations (including the Subordinate Series 2017 Bonds). "Net Revenues" include Revenues less Operation and Maintenance Expenses of the Airport System. For purposes of this Official Statement, "Senior Bonds" means the Senior Series 2013 Bonds and any additional bonds or obligations issued or incurred under the terms and provisions of the Master Senior Indenture that are secured on a parity basis by the Net Revenues (the "Additional Senior Bonds"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Senior Bonds."

Capital Program

The Authority maintains a 5-year capital program that is designed to preserve regulatory compliance, critical infrastructure functions and Airport access. Additionally the capital program seeks to enhance safety, customer service, cost savings and revenue opportunities. The Authority's current 5-year capital program (the "Capital Program") includes projects to be completed in Fiscal Years 2018 through 2022 that have an estimated cost of \$1.2 billion. The Capital Program, includes, among other projects, the new Terminal 2 West Parking Plaza (consisting of a 3-story, 2,900 parking space, public parking structure to be located across from Terminal 2), a new Federal Inspection Services ("FIS") facility in Terminal 2 West, and various other airfield, terminal and landside projects. A portion of the proceeds of the Subordinate Series 2017 Bonds will be used to finance certain projects included in the Capital Program (including the Terminal 2 West Parking Plaza and the new FIS facility). In addition to the proceeds of the Subordinate Series 2017 Bonds, the Capital Program has been and will be financed with a combination of proceeds of the previously-issued Subordinate Series 2010 Bonds, the previously-issued Senior Series 2013 Bonds, the previously-issued Series 2014 Special Facilities Bonds (as defined herein) and Additional Senior Bonds expected to be issued in 2018, federal grants, Passenger Facility Charges ("PFCs"), Customer Facility Charges ("CFCs") and certain other available moneys of the Authority. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS," "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Financial Feasibility Report

Included as Appendix A to this Official Statement is a Financial Feasibility Report dated July [__], 2017 (the "Financial Feasibility Report"), prepared by Unison Consulting, Inc. (the "Feasibility Consultant"), in conjunction with the issuance of the Subordinate Series 2017 Bonds. The Financial Feasibility Report includes, among other things, a description of the underlying economic base of SDIA's air service area; a description of historical air traffic activity at SDIA; the Feasibility Consultant's projections for air traffic activity at SDIA through Fiscal Year 2023 and a description of the assumptions on which such projections were based; a description of existing and planned facilities at SDIA; and the Feasibility Consultant's projections of debt service, debt service coverage, expenses and revenues through Fiscal Year 2023 and a description of the assumptions upon which such projections were based. Inevitably, some assumptions used to develop the projections in the Financial Feasibility Report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. The projections contained in the Financial Feasibility Report are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Authority assume any responsibility for the failure to meet such projections. The Financial Feasibility Report is an integral part of this Official Statement and should be read in its entirety. See "—Forward-Looking Statements" and "CERTAIN INVESTMENT CONSIDERATIONS—Financial Feasibility Report" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Continuing Disclosure

The Authority will covenant for the benefit of the owners and beneficial owners of the Subordinate Series 2017 Bonds to annually provide, or cause to be provided, certain financial information and operating data concerning the Authority and the Airport System, and to provide, or cause to be provided, notices of certain enumerated events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System (the "EMMA System") or any successor method designated by the MSRB, pursuant to the requirements of Rule 15c2-12 of the Securities Exchange Commission. See "CONTINUING DISCLOSURE" and "APPENDIX E—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Investment Considerations

The purchase and ownership of the Subordinate Series 2017 Bonds involve investment risks. Prospective purchasers of the Subordinate Series 2017 Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Subordinate Series 2017 Bonds, see "CERTAIN INVESTMENT CONSIDERATIONS."

Forward-Looking Statements

The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "forecast," "will likely result," "are expected to," "will continue," "is anticipated," "intend" or other similar words. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Authority's actual financial and operating results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including airlines, customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Additional Information

Brief descriptions of the Subordinate Series 2017 Bonds, the Senior Indenture, the Subordinate Indenture, the Airline Lease Agreements (as defined herein) and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, laws, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, law, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Subordinate Series 2017 Bonds. The Authority maintains a website, the information on which is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Subordinate Series 2017 Bonds.

PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUND

Plan of Finance

General. The Subordinate Series 2017 Bonds are being issued to (a) pay and/or reimburse the Authority for the costs of the Subordinate Series 2017 Projects (as defined below under "Subordinate Series 2017 Projects"), (b) repay $32,550,000 aggregate principal amount of the outstanding Subordinate Revolving Obligations, (c) fund a portion of the interest accruing on the Subordinate Series 2017 Bonds through and including [January/July] 1, 20[__], (d) make a deposit to the Subordinate Reserve Fund, and (e) pay the costs of issuance of the Subordinate Series 2017 Bonds.

Subordinate Series 2017 Projects. The Subordinate Series 2017 Bonds are being issued to, among other things, finance a portion of the costs of certain projects included in the Capital Program (the "Subordinate Series 2017 Projects"). The Subordinate Series 2017 Projects include, among others, the Terminal 2 West Parking Plaza (a three-story parking garage being built in front of Terminal 2 that will provide approximately 2,900 parking spaces (a net of 1,700 new parking spaces over the number that were available at SDIA prior to the start of construction of the parking plaza), and the new FIS facility in Terminal 2 West. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Subordinate Series 2017 Bonds:

	Subordinate Series 2017A Bonds	Subordinate Series 2017B Bonds	Total
Sources			
Principal Amount	$	$	$
Original Issue Premium/(Discount}			
Total Sources	$	$	$
Uses			
Deposit to Construction Funds	$	$	$
Repayment of Subordinate Revolving Obligations			
Deposit to Capitalized Interest Accounts[1]			
Deposit to Subordinate Reserve Fund			
Costs of Issuance[2]			
Total Uses	$	$	$

[1] Represents a portion of the interest accruing on the Subordinate Series 2017 Bonds.
[2] Includes Underwriters' discount, legal and other costs of issuance.

DESCRIPTION OF THE SUBORDINATE SERIES 2017 BONDS

General

The Subordinate Series 2017 Bonds will bear interest at the rates and mature on the dates set forth on the inside cover pages of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Subordinate Series 2017 Bonds will be dated their date of delivery, and will bear interest from that date, payable semi-annually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing on [January] 1, 2018. Interest due and payable on the Subordinate Series 2017 Bonds on any Interest Payment Date will be paid to the registered owner as of the Record Date (Cede & Co., so long as the book-entry system with The Depository Trust Company ("DTC") is in effect). Each Subordinate Series 2017 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Subordinate Series 2017 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Subordinate Series 2017 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before [December] 15, 2017, in which event such Subordinate Series 2017 Bond will bear interest from its date of delivery. If interest on the Subordinate Series 2017 Bonds is in default, Subordinate Series 2017 Bonds issued in exchange for Subordinate Series 2017 Bonds surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Subordinate Series 2017 Bonds surrendered.

The Subordinate Series 2017 Bonds will be issued in denominations of $5,000 or integral multiples thereof. The Subordinate Series 2017 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Subordinate Series 2017 Bonds. Individual purchases may be made in book-entry-form only. Purchasers will not receive certificates representing their interest in the Subordinate Series 2017 Bonds purchased. So long as Cede & Co., as a nominee of DTC, is the registered owner of the Subordinate Series 2017 Bonds, references herein to the Holders or registered owners means Cede & Co., and does not mean the Beneficial Owners of the Subordinate Series 2017 Bonds.

So long as Cede & Co. is the registered owner of the Subordinate Series 2017 Bonds, principal of and interest on the Subordinate Series 2017 Bonds will be payable by wire transfer by the Senior Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC Participants, for subsequent disbursement to the Beneficial Owners. See "APPENDIX F—BOOK-ENTRY-ONLY SYSTEM."

Redemption Provisions

Optional Redemption. The Subordinate Series 2017A Bonds maturing on or before July 1, 20__ are not subject to optional redemption prior to maturity. The Subordinate Series 2017A Bonds maturing on or after July 1, 20___ are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20___ at a redemption price equal to 100% of the principal amount of the Subordinate Series 2017A Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

The Subordinate Series 2017B Bonds maturing on or before July 1, 20__ are not subject to optional redemption prior to maturity. The Subordinate Series 2017B Bonds maturing on or after July 1, 20___ are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20___ at a redemption price equal to 100% of the principal amount of the Subordinate Series 2017B Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Subordinate Series 2017A Bonds maturing on July 1, 20___ (the "Subordinate Series 2017A Term Bonds") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

* Final Maturity.

The Subordinate Series 2017B Bonds maturing on July 1, 20___ (the "Subordinate Series 2017B Term Bonds," and together with the Subordinate Series 2017A Term Bonds," the "Subordinate Series 2017 Term Bonds") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

* Final Maturity.

At the option of the Authority, to be exercised by delivery of a written certificate to the Subordinate Trustee on or before the 60th day next preceding any mandatory sinking fund redemption date for the Subordinate Series 2017 Term Bonds, it may (a) deliver to the Subordinate Trustee for cancellation Subordinate Series 2017 Term Bonds or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Authority or (b) specify a principal amount of Subordinate Series 2017 Term Bonds or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Subordinate Trustee at the request of the Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Subordinate Series 2017 Term Bond or portion thereof so purchased or otherwise acquired or redeemed and delivered to the Subordinate Trustee for cancellation will be credited by the Subordinate Trustee at 100% of the principal amount thereof against the obligation of the Authority to pay the principal of such applicable Subordinate Series 2017 Term Bond on such mandatory sinking fund redemption date.

Notices of Redemption to Holders; Conditional Notice of Optional Redemption. The Subordinate Trustee will give notice of redemption, in the name of the Authority, to Holders affected by redemption (or DTC, so long as the book-entry system with DTC is in effect) at least 30 days but not more than 60 days before each redemption date and send such notice of redemption by first class mail (or with respect to Subordinate Series 2017 Bonds held by DTC via electronic means or by an express delivery service for delivery on the next following Business Day or by such other means as permitted or required by DTC's procedures) to each Holder of a Subordinate Series 2017 Bond to be redeemed; each such notice will be sent to the Holder's registered address.

Each notice of redemption will specify the Series, the issue date, the maturity date, the interest rate and the CUSIP number of each Subordinate Series 2017 Bond to be redeemed, if less than all Subordinate Series 2017 Bonds of a Series, maturity date and interest rate are called for redemption the numbers assigned to the Subordinate Series 2017 Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Subordinate Trustee's name, that payment will be made upon presentation and surrender of the Subordinate Series 2017 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

Failure to give any required notice of redemption as to any particular Subordinate Series 2017 Bond will not affect the validity of the call for redemption of any Subordinate Series 2017 Bonds in respect of which no failure occurs. Any notice sent as provided in the Subordinate Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Subordinate Series 2017 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. Provided funds are deposited with the Subordinate Trustee sufficient for redemption, interest on the Subordinate Series 2017 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

The Authority may provide that, if at the time of mailing of notice of an optional redemption there has not been deposited with the Subordinate Trustee moneys sufficient to redeem all the Subordinate Series 2017 Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Subordinate Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be cancelled and on such cancellation date notice of such cancellation will be mailed to the Holders of such Subordinate Series 2017 Bonds called for redemption.

Effect of Redemption. On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Subordinate Indenture and as described above and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, the Subordinate Series 2017 Bonds called for redemption will become and be due and payable on the redemption date, interest on such Subordinate Series 2017 Bonds will cease to accrue from and after such redemption date, such Subordinate Series 2017 Bonds will cease to be entitled to any lien, benefit or security under the Subordinate Indenture and the Holders of such Subordinate Series 2017 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Subordinate Series 2017 Bonds which have been duly called for redemption and for which moneys for the payment of the redemption price are held in trust for the Holders thereof, all as provided in the Fifth Supplemental Subordinate Indenture, will not be deemed to be Outstanding under the provisions of the Subordinate Indenture.

Selection of Subordinate Series 2017 Bonds for Redemption; Subordinate Series 2017 Bonds Redeemed in Part. Redemption of the Subordinate Series 2017 Bonds will only be in Authorized Denominations. The Subordinate Series 2017 Bonds are subject to redemption in such order of maturity and interest rate within in a Series (except mandatory sinking fund payments on the Subordinate Series 2017 Term Bonds) as the Authority may direct, and by lot within such maturity and interest rate selected in such manner as the Subordinate Trustee (or DTC, as long as DTC is the securities depository for the Subordinate Series 2017 Bonds), deems appropriate.

Except as otherwise provided under the procedures of DTC, on or before the 45th day prior to any mandatory sinking fund redemption date, the Subordinate Trustee will proceed to select for redemption (by lot in such manner as the Subordinate Trustee may determine), from the applicable Subordinate Series 2017 Term Bonds subject to such redemption, an aggregate principal amount of such applicable Subordinate Series 2017 Term Bonds equal to the amount for such year as set forth in the applicable table under “Mandatory Sinking Fund Redemption” above and will call such Subordinate Series 2017 Term Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS

Flow of Funds

The application of Revenues of the Authority is governed by the Master Senior Indenture and the Subordinate Indenture. Pursuant to the Master Senior Indenture, the Authority covenanted to establish and maintain an account designated as the “Revenue Account” within the Revenue Fund and to deposit all Revenues, when and as received, in the Revenue Account.

“Revenues” are generally defined in the Master Senior Indenture to mean, except to the extent specifically excluded therefrom, all income, receipts, earnings and revenues received by the Authority from the operation and ownership of the Airport System, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to: (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the Authority for the use or availability of the Airport System; and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Authority, including rental or business interruption insurance proceeds received by, held by, accrued to or entitled to be received by the Authority or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Authority receives payments which are attributable to the Airport System or activities or undertakings related thereto. Revenues also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any earnings allowed to be pledged by the terms of a supplemental indenture to fund a construction fund) from the investment of amounts held in the Revenue Account, any construction fund, any debt service fund (except Capitalized Interest on deposit therein), any debt service reserve fund and such additional revenues, if any, as are designated as "Revenues" under the terms of a supplemental indenture. Unless otherwise designated as "Revenues" under the terms of a Supplemental Senior Indenture or pursuant to a certificate of the Authority, PFCs, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Capitalized Interest, CFCs, and the cash subsidy payments the Authority receives from the United States Treasury equal to a portion of the interest payable on the Subordinate Series 2010C Bonds (the "Federal Direct Payments") are specifically excluded from Revenues. The Authority has not designated, pursuant to a Supplemental Senior Indenture or a certificate of the Authority, PFCs, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Capitalized Interest, CFCs or Federal Direct Payments as Revenues. However, see "—Use of PFCs to Pay Debt Service" below for a discussion regarding the Authority's irrevocable commitment of a portion of the PFCs received by the Authority to pay debt service on PFC Eligible Bonds (as defined herein). In addition to the irrevocably committed PFCs, the Authority expects to apply a portion of the PFCs it receives to the payment of debt service on the Senior Series 2013 Bonds and the Subordinate Series 2010 Bonds (see "—Use of PFCs to Pay Debt Service" below). Additionally, although not included in Revenues, (1) the Authority expects to apply the Federal Direct Payments to the payment of debt service on the Subordinate Series 2010 Bonds, and (2) the Capitalized Interest on deposit in the debt service funds for the Subordinate Series 2017 Bonds is subject to a lien on and security interest in favor of the Holders of the Subordinate Series 2017 Bonds.

Pursuant to the Master Senior Indenture, all Revenues will be deposited in the Revenue Account and will be set aside for the payment of the following amounts or deposited or transferred to the following funds and subaccounts in the order listed:

(1) *Operation and Maintenance Subaccount*. On or prior to the 20th day of each month, the Authority will deposit in the Operation and Maintenance Subaccount an amount equal to one-twelfth of the estimated Operation and Maintenance Expenses of the Airport System for the then current Fiscal Year as set forth in the budget of the Authority for such Fiscal Year as finally approved by the Authority. In the event that the balance in the Operation and Maintenance Subaccount at any time is insufficient to make any required payments therefrom, additional amounts at least sufficient to make such payments will immediately be deposited in the Operation and Maintenance Subaccount from the Revenue Account, and such additional amounts will be credited against the next succeeding monthly deposit from the Revenue Account.

(2) *Senior Debt Service Funds*. On or prior to the 15th day of each calendar month, Revenues will be transferred by the Authority to the Senior Trustee for deposit in the debt service funds established in respect of each series of Senior Bonds (the "Senior Debt Service Funds") equal to: (a) 1/6 of the interest coming due on the Senior Bonds on the next interest payment date for the Senior Bonds, provided that at least the full amount required to pay the interest on the

Senior Bonds, as it becomes due, will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date each installment of interest becomes due, (b) 1/12 of the principal amount of the Senior Bonds maturing on the next principal payment date, provided that at least the full amount required to pay the principal amount of the Senior Bonds, as it becomes due, will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date such principal amount becomes due, and (c) 1/12 of the sinking installment payments, if any, with respect to the Senior Bonds subject to mandatory sinking fund redemption (the "Senior Term Bonds") on the next redemption date, provided that at least the full amount required to pay the sinking installment payment, if any, with respect to the Senior Term Bonds will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date such sinking installment payment becomes due. Additionally, if provided for in a senior supplemental indenture, regularly scheduled swap payments on a qualified swap may be payable from Net Revenues on a parity basis with the outstanding Senior Bonds.

(3) *Senior Debt Service Reserve Funds*. A sufficient amount of Revenues will be transferred by the Authority, without priority and on an equal basis, except as to timing of payment to the Senior Trustee for deposit into the respective debt service reserve funds established pursuant to the Senior Indenture, if any, at the times and in such amounts as required to be used to pay or replenish such debt service reserve funds or reimburse a credit provider of a debt service reserve fund surety. As of the date of this Official Statement, the debt service reserve fund for the Senior Series 2013 Bonds is the only debt service reserve fund established for Senior Bonds.

(4) *Subordinate Obligations Debt Service Funds*. On or prior to the 20th day of each calendar month, Revenues will be transferred by the Authority to the Subordinate Trustee for deposit in the debt service funds established in respect of each series of Subordinate Obligations (the "Subordinate Debt Service Funds") equal to: (a) 1/6 of the interest coming due on the Subordinate Obligations on the next interest payment date for the Subordinate Obligations, provided that at least the full amount required to pay the interest on the Subordinate Obligations, as it becomes due, will be set aside in the Subordinate Debt Service Funds by not later than the 20th day of the month prior to the date each installment of interest becomes due, (b) 1/12 of the principal amount of the Subordinate Obligations maturing on the next principal payment date, provided that at least the full amount required to pay the principal amount of the Subordinate Obligations, as it becomes due, will be set aside in the Subordinate Debt Service Funds by not later than the 20th day of the month prior to the date such principal amount becomes due, and (c) 1/12 of the sinking installment payments, if any, with respect to the Subordinate Obligations subject to mandatory sinking fund redemption (the "Subordinate Term Obligations") on the next redemption date, provided that at least the full amount required to pay the sinking installment payment, if any, with respect to the Subordinate Term Obligations will be set aside in the Subordinate Debt Service Funds by not later than the 20th day of the month prior to the date such sinking installment payment becomes due.

(5) *Subordinate Obligations Debt Service Reserve Funds*. On or prior to the 20th day of each month, upon any deficiency in any debt service reserve fund established by or for the benefit of the Authority in connection with the Subordinate Obligations, the Authority will deposit in such debt service reserve fund an amount equal to: (a) one-twelfth of the aggregate amount of each unreplenished prior withdrawal from such debt service reserve fund; and (b) the full amount of any deficiency in such debt service reserve fund due to any required valuations of the investments in such debt service reserve fund until the balance in such debt service reserve fund is at least equal to the debt service reserve requirement with respect to such Subordinate Obligations. See "—Subordinate Reserve Fund" below.

(6) *Operation and Maintenance Reserve Subaccount.* On or prior to the 20th day of each month, to the payment of the amounts required to be deposited in the Operation and Maintenance Reserve Subaccount which are payable from Net Revenues as specified in the Master Senior Indenture.

(7) *Renewal and Replacement Subaccount*. On or prior to the 20th day of each month, to the payment of the amounts required to be deposited in the Renewal and Replacement Subaccount as specified in the Master Senior Indenture.

All moneys and investments on deposit in the Revenue Account and not on deposit in any of the funds or subaccounts provided for as described in (1) through (7) above, are required under the Master Senior Indenture, on the last Business Day of each Fiscal Year, to be transferred from the Revenue Account to the Revenue Fund, unless and to the extent the Authority directs otherwise.

Following is a graphic description of the flow of funds described above, and the flow of PFC Revenues. See "—Use of PFCs to Pay Debt Service."

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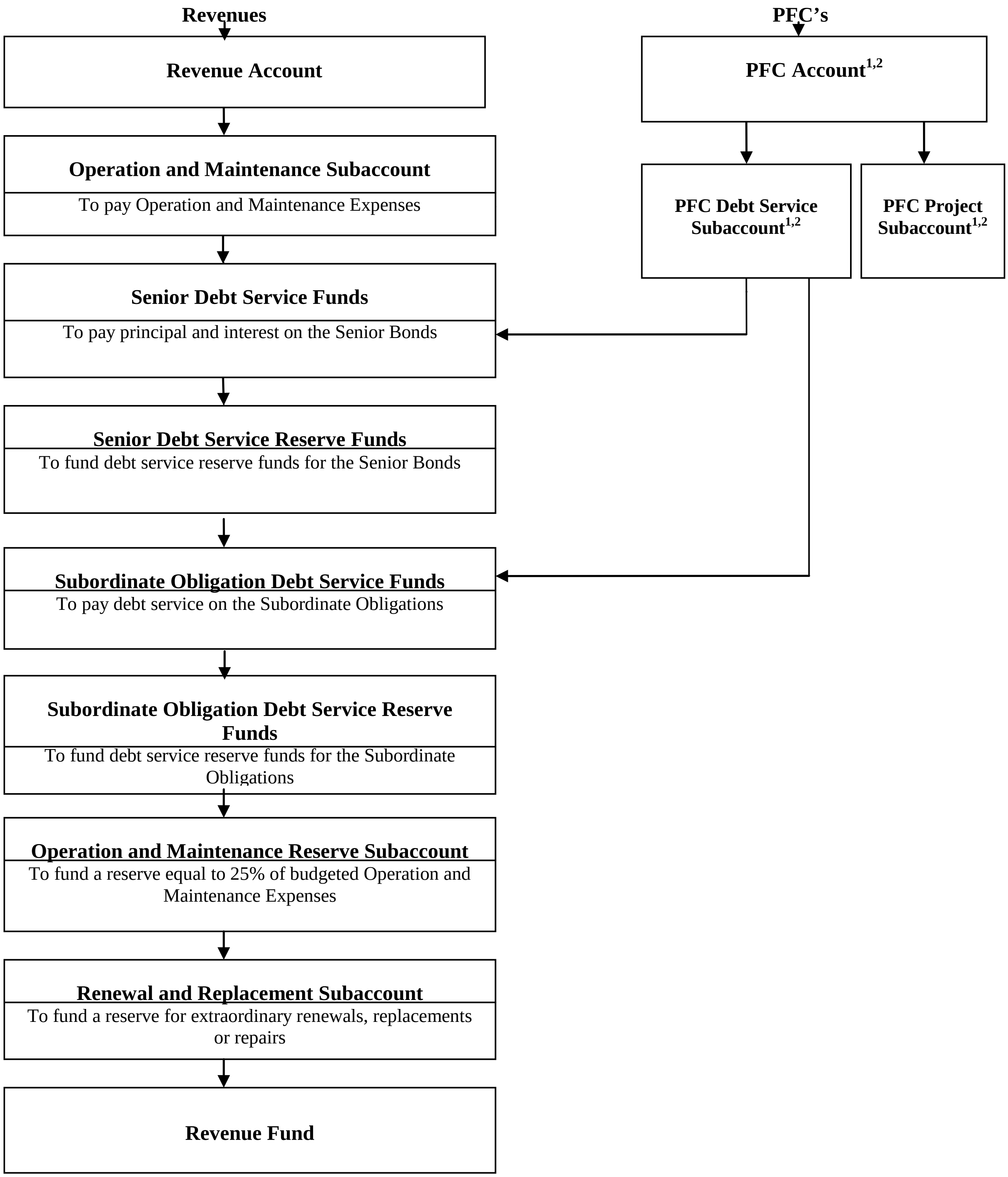
San Diego County Regional Airport Authority
Flow Of Funds



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[1] Revenues do not include PFC revenues unless otherwise included in Revenues pursuant to a Supplemental Senior Indenture or a certificate of the Authority. To date, the Authority has not elected, and the Authority has no current plans to elect, to include PFC revenues in Revenues. However, see "—Use of PFCs to Pay Debt Service" below for a discussion regarding the Authority's irrevocable commitment of a portion of the PFCs received by the Authority to pay debt service on PFC Eligible Bonds. In addition to the irrevocably committed PFCs, the Authority

expects to apply a portion of the PFCs it receives to the payment of debt service on the Senior Series 2013 Bonds and the Subordinate Series 2010 Bonds. See "—Use of PFCs to Pay Debt Service" below. See also "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Passenger Facility Charges" for additional information about the Authority's expected use of PFC revenues.

[2] [During a Fiscal Year, all PFCs in the PFC Account will be first deposited to the PFC Debt Service Subaccount until an amount equal to the PFCs irrevocably committed by the Authority to the payment of debt service on the PFC Eligible Bonds for such Fiscal Year have been deposited to the PFC Debt Service Subaccount. No PFCs will be deposited to the PFC Project Subaccount during a Fiscal Year until the PFC Debt Service Subaccount has been fully funded.]

Pledge of Subordinate Net Revenues

The Subordinate Series 2017 Bonds are special obligations of the Authority payable solely from and secured by a pledge of Subordinate Net Revenues. The Subordinate Series 2017 Bonds also are secured by a pledge of amounts held by the Subordinate Trustee in certain funds and accounts pursuant to the Subordinate Indenture, as further described herein. See "—Use of PFCs to Pay Debt Service" below for a discussion regarding the Authority's irrevocable commitment of a portion of the PFCs received by the Authority to pay debt service on PFC Eligible Bonds.

"Subordinate Net Revenues" are, for any given period, Revenues for such period, less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System for such period, the debt service on the Senior Bonds for such period, and the reserve and replenishment requirements on and relating to the Senior Bonds for such period, if any. See "—Flow of Funds" above.

"Operation and Maintenance Expenses of the Airport System" are, for any given period, the total operation and maintenance expenses of the Airport System as determined in accordance with generally accepted accounting principles as in effect from time to time, excluding depreciation expense and any operation and maintenance expenses of the Airport System payable from moneys other than Revenues (including, but not limited to, any non-cash items that are required to be treated as operation and maintenance expenses of the Airport System in accordance with generally accepted accounting principles).

None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Subordinate Series 2017 Bonds, and neither the full faith and credit nor the taxing power of the Authority, the City, the County, the State or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Subordinate Series 2017 Bonds.

Subordinate Net Revenues are available for the equal and proportionate benefit and security of all Subordinate Obligations (including the Subordinate Series 2017 Bonds). The Subordinate Series 2017 Bonds are secured by a pledge of and lien on Subordinate Net Revenues on parity with the Subordinate Series 2010 Bonds, the Subordinate Revolving Obligations, the Subordinate Drawdown Bonds and any Additional Subordinate Obligations issued in the future. See "—Additional Subordinate Obligations" below.

Subordinate Rate Covenant

(a) Under the Master Subordinate Indenture, the Authority has covenanted that while any Subordinate Obligations remain Outstanding (but subject to all prior existing contracts and legal obligations of the Authority), it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Subordinate Net Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) the interest on and principal of the Outstanding Subordinate Obligations required to be funded by the Authority in such Fiscal Year as required by the Master Subordinate Indenture or any Supplemental Subordinate Indenture with respect to the Outstanding Subordinate Obligations;

(ii) the required deposits to any Subordinate Debt Service Reserve Fund which may be established by a Supplemental Subordinate Indenture;

(iii) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Subordinate Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than Special Facility Obligations, Senior Bonds and Outstanding Subordinate Obligations, but including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness other than Senior Bonds and Outstanding Subordinate Obligations, but including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations.

(b) The Authority has further agreed that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the Subordinate Net Revenues will be equal to at least 110% of the total Subordinate Annual Debt Service on the Outstanding Subordinate Obligations for such Fiscal Year.

The Authority has covenanted that if Subordinate Net Revenues in any Fiscal Year are less than the amounts described in paragraphs (a) and (b) above, the Authority will retain and direct a Consultant to make recommendations as to the revision of the Authority's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made the Authority will take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Subordinate Net Revenues in the next succeeding Fiscal Year sufficient to comply with paragraphs (a) and (b) above.

In the event Subordinate Net Revenues for any Fiscal Year are less than the amounts described in paragraphs (a) and (b) above, but the Authority has promptly taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as described in the preceding paragraph, such deficiency in Subordinate Net Revenues will not constitute an Event of Default under the Master Subordinate Indenture. However, if after taking the measures described in the preceding paragraph to revise the schedule of rentals, rates, fees and charges, Subordinate Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Authority for such Fiscal Year) are less than the amounts described in paragraphs (a) and (b) above, such deficiency in Subordinate Net Revenues will constitute an Event of Default under the Master Subordinate Indenture.

Pursuant to the Master Subordinate Indenture, the Authority may exclude from its calculation of Subordinate Aggregate Annual Debt Service with respect to the Subordinate Obligations, for the purpose of determining compliance with the rate covenant described above, the payment of debt service or portions thereof on Subordinate Obligations whose debt service is payable from amounts not included in Revenues, including, but not limited to PFC revenues, Federal Direct Payments and Capitalized Interest. The exclusion of such debt service could result in higher debt service coverage ratios. The Authority expects to use (a) PFC revenues to pay a portion of the debt service on the Senior Series 2013 Bonds, the Subordinate Series 2010 Bonds, [and certain Additional Senior Bonds/Additional Subordinate Obligations expected to be issued in the future], (b) Federal Direct Payments to pay a portion of the debt service on the Subordinate Series 2010 Bonds, and (c) Capitalized Interest to pay a portion of the debt service on the Subordinate Series 2017 Bonds. The Authority does not expect to use any PFCs to pay debt service on the Subordinate Series 2017 Bonds. See "—Use of PFCs to Pay Debt Service," "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital

Program—Passenger Facility Charges" and "CERTAIN INVESTMENT CONSIDERATIONS—Availability of PFCs" for additional information about the Authority's expected use of PFC revenues. See also "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Subordinate Reserve Fund

Pursuant to the Master Subordinate Indenture and the Second Supplemental Subordinate Indenture, the Authority established a Subordinate Debt Service Reserve Fund (the "Subordinate Reserve Fund") with the Subordinate Trustee to secure any Subordinate Obligations the Authority elects to participate in the Subordinate Reserve Fund. At the time of issuance of the Subordinate Series 2010 Bonds, the Authority elected to have the Subordinate Series 2010 Bonds participate in the Subordinate Reserve Fund. Additionally, at the time of issuance of the Subordinate Series 2017 Bonds, the Authority will elect to have the Subordinate Series 2017 Bonds participate in the Subordinate Reserve Fund. The Subordinate Series 2010 Bonds, the Subordinate Series 2017 Bonds and any Additional Subordinate Obligations the Authority elects to have participate in the Subordinate Reserve Fund are collectively referred to in this Official Statement as the "Subordinate Reserve Fund Participating Bonds."

Moneys and investments held in the Subordinate Reserve Fund may only be used to pay the principal of and interest on the Subordinate Reserve Fund Participating Bonds (including the Subordinate Series 2017 Bonds). Moneys and investments held in the Subordinate Reserve Fund are not available to pay debt service on the Senior Bonds, the Subordinate Revolving Obligations, the Subordinate Drawdown Bonds or any Subordinate Obligations for which the Authority has decided will not participate in the Subordinate Reserve Fund. The Subordinate Reserve Fund may be drawn upon if the amounts in the respective Subordinate Debt Service Funds for the Subordinate Reserve Fund Participating Bonds are insufficient to pay in full any principal or interest then due on the Subordinate Reserve Fund Participating Bonds. In the event any amounts are required to be withdrawn from the Subordinate Reserve Fund, such amounts will be withdrawn and deposited pro rata to meet the funding requirements of the Subordinate Reserve Fund Participating Bonds.

Except as otherwise described below, the Subordinate Reserve Fund is required to be funded at all times in an amount equal to the "Subordinate Reserve Requirement." The Subordinate Reserve Requirement is equal to the lesser of (a) Subordinate Maximum Aggregate Annual Debt Service for the Subordinate Reserve Fund Participating Bonds; (b) 10% of the principal amount of the Subordinate Reserve Fund Participating Bonds, less the amount of original issue discount with respect to such Subordinate Reserve Fund Participating Bonds if such original issue discount exceeded 2% on such Subordinate Reserve Fund Participating Bonds at the time of their original sale; and (c) 125% of the average Subordinate Aggregate Annual Debt Service for the Subordinate Reserve Fund Participating Bonds. At the time of issuance of any Additional Subordinate Obligations which the Authority elects to have participate in the Subordinate Reserve Fund, the Authority will be required to deposit an amount to the Subordinate Reserve Fund sufficient to cause the amount then on deposit in the Subordinate Reserve Fund to equal the Subordinate Reserve Requirement. Such deposit to the Subordinate Reserve Fund can be made at the time of issuance of such Additional Subordinate Obligations or within 12 months of the date of issuance of such Additional Subordinate Obligations (such deposit being made in 12 substantially equal monthly installments). At the time of issuance of the Subordinate Series 2017 Bonds, a portion of the proceeds of the Subordinate Series 2017 Bonds will be deposited to the Subordinate Reserve Fund in order to satisfy the Subordinate Reserve Requirement, which will be $____________ at the time of issuance of the Subordinate Series 2017 Bonds.

The Authority may fund all or a portion of the Subordinate Reserve Requirement with a Reserve Fund Insurance Policy. A Reserve Fund Insurance Policy may be an insurance policy, letter of credit, qualified surety bond or other financial instrument deposited in the Subordinate Reserve Fund in lieu of or in partial substitution for cash or securities which is provided by an institution rated, at the time of issuance of such policy, letter of credit, surety bonds or other financial instrument, in one of the two highest long term rating categories by one or more of the Rating Agencies. Any such Reserve Fund Insurance Policy must either extend to the final maturity of the Series of Subordinate Obligations for which the Reserve Fund Insurance Policy was issued, or the Authority must agree, by Supplemental Subordinate Indenture, that the Authority will replace such Reserve Fund Insurance Policy prior to its expiration with another Reserve Fund Insurance Policy, or with cash. Any such Reserve Fund Insurance Policy will be required to secure all of the Subordinate Reserve Fund Participating Bonds.

The Subordinate Reserve Fund is currently, and will be at the time of issuance of the Subordinate Series 2017 Bonds, funded with cash and securities. No portion of the Subordinate Reserve Fund has been, or will be at the time of issuance of the Subordinate Series 2017 Bonds, funded with a Reserve Fund Insurance Policy.

Additional Subordinate Obligations

The Master Subordinate Indenture provides the Authority with flexibility as to establishing the nature and terms of any Additional Subordinate Obligations. Additional Subordinate Obligations may be issued under the Master Subordinate Indenture on a parity with the Subordinate Series 2017 Bonds, provided, among other things, that there is delivered to the Subordinate Trustee either:

(a) a certificate, dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by an Authorized Authority Representative showing the Subordinate Net Revenues 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 or preceding the first issuance of the proposed Subordinate Program Obligations were at least equal to 110% of Subordinate Maximum Aggregate Annual Debt Service with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations and the proposed Series of Subordinate Obligations, calculated as if the proposed Series of Subordinate Obligations and the full Subordinate Authorized Amount of such proposed Subordinate Program Obligations (as applicable) were then Outstanding; or

(b) a certificate dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by a Consultant showing that:

(i) 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 or the establishment of a Subordinate Program, were at least equal to 110% of the sum of Subordinate Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations for such applicable period;

(ii) for the period, if any, from and including the first full Fiscal Year following the issuance of such proposed Series of Subordinate Obligations through and including the last Fiscal Year during any part of which the amount of interest on such Series of Subordinate Obligations to be on deposit in the respective Subordinate Debt Service Fund or such other fund or account is expected to be funded from the proceeds thereof, the Consultant estimates that the Authority will be in compliance with the rate covenant under the Subordinate Indenture (see "—Subordinate Rate Covenant" above); and

(iii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Subordinate Obligations during which no amount of interest on such Series of Subordinate Obligations to be on deposit in the respective Subordinate Debt Service Fund or such other Fund or Account is expected to be funded from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Subordinate Obligations, or (B) the third full Fiscal Year during which no amount of interest on such Series of Subordinate Obligations to be on deposit in the respective Subordinate Debt Service Fund or such other Fund or Account is expected to be funded from the proceeds thereof, the estimated Subordinate Net Revenues for each such Fiscal Year, will be at least equal to 110% of the Subordinate Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations and calculated as if the proposed Series of Subordinate Obligations and the full Authorized Amount of such proposed Subordinate Program Obligations (as applicable) were then Outstanding.

The certificate described in (b) above is expected to be delivered by the Feasibility Consultant at the time of issuance of the Subordinate Series 2017 Bonds. As described in "—Use of PFCs to Pay Debt Service" below, the Authority has irrevocably committed $10 million of PFCs through July 1, 2018 to the payment of debt service on PFC Eligible Bonds. When it delivers the certificate described in (b) above, the Feasibility Consultant will exclude debt service on the portion of the Senior Series 2013 Bonds and the Subordinate Series 2010 Bonds to be paid from the irrevocably committed PFCs, which will result in higher debt service coverage ratios.

For purposes of clauses (b)(ii) and (iii) above, in estimating Subordinate Net Revenues, the Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided; (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the Authority and will be in effect during the period for which the estimates are provided; and (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses of the Airport System, the Consultant may use such assumptions as the Consultant believes to be reasonable, taking into account: (x) historical Operation and Maintenance Expenses of the Airport System; (y) Operation and Maintenance Expenses of the Airport System associated with the Projects and any other new Airport Facilities; and (z) such other factors, including inflation and changing operations or policies of the Authority, as the Consultant believes to be appropriate. The Consultant will include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Subordinate Net Revenues, and will also set forth the calculations of Subordinate Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants or the Authorized Authority Representative may rely upon financial statements prepared by the Authority which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Authority Representative will certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described above in (a) or (b) will be required if:

(A) the Subordinate Obligations being issued are for the purpose of refunding then Outstanding Subordinate Obligations and there is delivered to the Subordinate Trustee, instead, a certificate of an Authorized Authority Representative showing that Subordinate Aggregate Annual Debt Service after the issuance of the Refunding Subordinate Obligations will not exceed the Subordinate Aggregate Annual Debt Service prior to the issuance of such Refunding Subordinate Obligations for each Fiscal Year;

(B) the Subordinate Obligations being issued constitute Subordinate Notes and there is delivered to the Subordinate Trustee, instead, a certificate prepared by an Authorized Authority Representative showing that the principal amount of the proposed Subordinate Notes being issued, together with the principal amount of any Subordinate Notes then Outstanding, does not exceed 10% of the Subordinate Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Subordinate Notes and there is delivered to the Subordinate Trustee a certificate of an Authorized Authority Representative setting forth calculations showing that for each of the Fiscal Years during which the Subordinate Notes will be Outstanding, and taking into account the debt service becoming due on such Subordinate Notes, the Authority will be in compliance with the rate covenant under the Subordinate Indenture (see "—Subordinate Rate Covenant" above); or

(C) if the Subordinate Obligations being issued are to pay costs of completing a Project for which Subordinate Obligations have previously been issued and the principal amount of such Subordinate Obligations being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Subordinate Obligations originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized Authority Representative and there is delivered to the Subordinate Trustee (1) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (2) a certificate of an Authorized Authority Representative to the effect that (y) all of the proceeds (including investment earnings on amounts in the Subordinate Construction Fund allocable to such Project) of the original Subordinate Obligations issued to finance such Project have been or will be used to pay Costs of the Project and (z) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Subordinate Construction Fund established for the Project (including unspent proceeds of Subordinate Obligations previously issued for such purpose).

[In addition to the Subordinate Series 2017 Bonds, the Authority expects to issue Additional Subordinate Obligations in the future to finance the development of the Airport System. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT."]

Use of PFCs to Pay Debt Service

The Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations (the "PFC Regulations"), permits public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a $1.00, $2.00 or $3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of $4.50. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects (including paying the debt service on bonds issued to finance such projects) that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers. The

Authority currently charges all enplaning passengers at SDIA a PFC of $4.50. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Passenger Facility Charges" for additional information about PFCs collected by the Authority.

The definition of Revenues does not include PFCs, except to the extent included in Revenues pursuant to a Supplemental Senior Indenture or a certificate of any Authorized Authority Representative, which has not occurred to date. However, pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture, if PFCs have been irrevocably committed or are held by the Senior Trustee and/or the Subordinate Trustee, as the case may be, or another fiduciary and are to be set aside exclusively to be used to pay principal of and/or interest on specified Senior Bonds and/or Subordinate Obligations, as applicable, then such principal and/or interest may be excluded from the calculation of aggregate annual debt service on such specified Senior Bonds and/or Subordinate Obligations, as applicable; thus decreasing aggregate annual debt service on the Senior Bonds and/or the Subordinate Obligations, and increasing debt service coverage for purposes of the rate covenants and the additional bonds tests under the Master Senior Indenture and the Master Subordinate Indenture, as applicable.

Pursuant to Resolution No. 2017-[___] adopted by the Board on July 6, 2017 (the "PFC Resolution"), the Authority has irrevocably committed $10 million of the PFCs it has received and expects to receive to the payment and funding of debt service on Senior Bonds and/or Subordinate Obligations issued to finance projects authorized by the FAA to be financed with PFCs (collectively, the "PFC Eligible Bonds") through July 1, 2018.

In addition to the PFCs irrevocably committed pursuant to the PFC Resolution, the Authority expects to use additional PFCs to pay additional debt service on the PFC Eligible Bonds. In addition to the irrevocably committed PFCs, during the forecast period set forth in the Financial Feasibility Report (Fiscal Years 2018 through 2023), the Authority expects to use the following additional amounts of PFC revenues each Fiscal Year to pay debt service on PFC Eligible Bonds; approximately $20 million in Fiscal Year 2018, and approximately $30 million in each Fiscal Year in Fiscal Years 2019 through Fiscal Year 2023. In the Financial Feasibility Report, the Feasibility Consultant has assumed that PFCs will be used to pay a portion of the debt service on the Senior Series 2013 Bonds and the Subordinate Series 2010 Bonds. Consequently, debt service on such obligations is excluded from the calculation of the rate covenant for the Senior Bonds and the rate covenant for the Subordinate Obligations as set forth in the Financial Feasibility Report, which results in higher debt service coverage ratios. The Authority does not expect to use any PFCs to pay debt service on the Subordinate Series 2017 Bonds. See "FINANCIAL FEASIBILITY REPORT" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT." See also "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of PFCs."

Permitted Investments

Moneys and funds held by the Authority will be invested in Permitted Investments, subject to any restrictions set forth in the Subordinate Indenture and subject to restrictions imposed upon the Authority. Moneys and funds held by the Subordinate Trustee under the Subordinate Indenture, including moneys in the respective debt service funds (and the accounts therein) and in the Subordinate Reserve Fund, may be invested as directed by the Authority in Permitted Investments, subject to the restrictions set forth in the Subordinate Indenture, and subject to restrictions imposed upon the Authority. See "FINANCIAL INFORMATION—Summary of Financial Operations—Investment Practices."

Events of Default and Remedies; No Acceleration

Events of Default under the Subordinate Indenture and related remedies are described in "APPENDIX C—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE AND THE FIFTH SUPPLEMENTAL SUBORDINATE INDENTURE—SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Defaults and Remedies." Except as described below, the occurrence of an Event of Default under the Subordinate Indenture (or an event of default under the Senior Indenture) does not grant any right to accelerate payment of the Subordinate Obligations (including the Subordinate Series 2017 Bonds) or the Senior Bonds to either the Subordinate Trustee or the Senior Trustee, or the Holders of the Subordinate Obligations (including the Subordinate Series 2017 Bonds) or the Senior Bonds. However, pursuant to the Third Supplemental Subordinate Indenture and the Subordinate Credit Agreement, the Authority granted to the Subordinate Revolving Obligations Bank the right to accelerate any payments due the Subordinate Revolving Obligations Bank upon an event of default under the Subordinate Credit Agreement; and pursuant to the Fourth Supplemental Subordinate Indenture and the Subordinate Drawdown Bondholder's Agreement, the Authority granted to the Subordinate Drawdown Bond Purchaser the right to accelerate any payments due the Subordinate Drawdown Bond Purchaser upon an event of default under the Subordinate Drawdown Bondholder's Agreement. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations—Subordinate Revolving Obligations" and "Subordinate Drawdown Bonds." The Subordinate Trustee is authorized to take certain actions upon the occurrence of an Event of Default under the Subordinate Indenture, including proceedings to enforce the obligations of the Authority under the Subordinate Indenture. If there is an Event of Default under the Subordinate Indenture, payments, if any, on the Subordinate Obligations will be made after Operation and Maintenance Expenses of the Airport System and payments of debt service and reserve requirements on and relating to the Senior Bonds.

OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE

Outstanding Senior Bonds

The following table sets forth the principal amounts and final maturity dates of the Senior Series 2013 Bonds outstanding as of July 2, 2017.

TABLE 1
San Diego County Regional Airport Authority
Senior Series 2013 Bonds
(as of July 2, 2017)

Existing Subordinate Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 2013A	$107,285,000	$101,600,000	7/1/2043
Series 2013B	272,300,000	271,710,000	7/1/2043
Total	$379,585,000	$373,310,000	

Source: San Diego County Regional Airport Authority

Outstanding Subordinate Obligations

Subordinate Series 2010 Bonds. The following table sets forth the principal amounts and final maturity dates of the Subordinate Series 2010 Bonds as of July 2, 2017.

TABLE 2
San Diego County Regional Airport Authority
Subordinate Series 2010 Bonds
(as of July 2, 2017)

Existing Subordinate Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 2010A	$313,150,000	$285,645,000	7/1/2040
Series 2010B	44,055,000	35,985,000	7/1/2040
Series 2010C	215,360,000	215,360,000	7/1/2040
Total	$572,565,000	$536,990,000	

Source: San Diego County Regional Airport Authority

Subordinate Revolving Obligations. Pursuant to the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture and the Subordinate Credit Agreement, the Authority is authorized to issue and have outstanding, from time to time, up to $125,000,000 in aggregate principal amount of Subordinate Revolving Obligations. As of July 2, 2017, the Authority had $58,988,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. On [August] 1, 2017, the Authority expects to repay $32,550,000 of the Subordinate Revolving Obligations with a portion of the proceeds of the Subordinate Series 2017A Bonds and certain other available moneys of the Authority. All Subordinate Revolving Obligations issued by the Authority are purchased by the Subordinate Revolving Obligations Bank (U.S. Bank National Association) in accordance with the terms of the Subordinate Credit Agreement. Except as otherwise provided in the Subordinate Credit Agreement, the principal of all Subordinate Revolving Obligations outstanding pursuant the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture and the Subordinate Credit Agreement are due and payable on June [__]. 2020. However, subject to the terms of the Subordinate Credit Agreement, on June [__], 2020, the Authority can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in ten equal quarterly installments beginning 180 days following June [_], 2020, with the final payment being due on June [__], 2023.

Subordinate Drawdown Bonds. Pursuant to the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture, the Subordinate Drawdown Bondholder's Agreement, and the Subordinate Drawdown Bond Purchase Agreement, the Authority is authorized to issue and have outstanding, from time to time, up to $100,000,000 in aggregate principal amount of its Subordinate Drawdown Bonds. As of the date of this Official Statement, the Authority had no Subordinate Drawdown Bonds outstanding. When issued, all Subordinate Drawdown Bonds will be purchased by the Subordinate Drawdown Bond Purchaser (RBC Municipal Products, LLC) in accordance with the terms of the Subordinate Drawdown Bondholder's Agreement and the Subordinate Drawdown Bond Purchase Agreement. Except as otherwise provided in the Subordinate Drawdown Bondholder's Agreement, the principal of all Subordinate Drawdown Bonds outstanding pursuant the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture and the Subordinate Drawdown Bondholder's Agreement are due and payable on April 17, 2020. However, subject to the terms of the Subordinate Drawdown Bondholder's Agreement, on April 17, 2020, the Authority can convert any outstanding Subordinate

Revolving Obligations to a term loan that will be payable in ten equal quarterly installments beginning 180 days following April 17, 2020, with the final payment being due on April 17, 2023.

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Debt Service Requirements

The following table sets forth the debt service requirements on the Senior Series 2013 Bonds, the Subordinate Series 2010 Bonds and the Subordinate Series 2017 Bonds.

TABLE 3
San Diego County Regional Airport Authority
Debt Service Requirements
Senior And Subordinate Bonds[1]

Year Ended July 1	Total Debt Service Senior Series 2013 Bonds[2]	Total Debt Service Subordinate Series 2010 Bonds[3,4,5]	Subordinate Series 2017A Bonds[6]		Subordinate Series 2017B Bonds[6]		Total Debt Service Subordinate Bonds	Total Debt Service Senior and Subordinate Bonds
			Principal	Interest[7]	Principal	Interest[7]		
2018	$ 20,503,750	$ 40,149,748						
2019	20,494,150	40,145,848						
2020	26,006,350	40,143,798						
2021	26,000,100	40,150,548						
2022	25,994,350	40,151,423						
2023	26,003,100	40,144,111						
2024	25,999,600	40,148,486						
2025	25,998,350	40,149,486						
2026	26,003,100	40,147,486						
2027	26,002,350	40,143,236						
2028	25,996,000	40,151,736						
2029	25,989,850	40,151,736						
2030	26,002,750	40,145,486						
2031	16,667,500	50,928,986						
2032	16,979,000	50,619,205						
2033	17,239,750	50,356,695						
2034	17,606,000	49,994,740						
2035	18,016,250	49,581,574						
2036	18,551,750	49,045,358						
2037	19,104,500	48,493,038						
2038	19,691,500	47,909,880						
2039	20,293,750	47,306,652						
2040	20,923,000	46,678,384						
2041	67,600,250	–						
2042	67,600,250	–						
2043	67,597,500	–						
2044	–	–						
2045	–	–						
2046	–	–						
2047	–	–						
Total	$714,864,800	$1,012,837,640						

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[1] Numbers may not total due to rounding to nearest dollar.

[2] The Senior Series 2013 Bonds have a lien on Net Revenues. Principal of and interest on the Senior Series 2013 Bonds does not reflect the application of PFCs to the payment of debt service on the Senior Series 2013 Bonds.

[3] The Subordinate Series 2010 Bonds have a lien on Subordinate Net Revenues on parity with the other Subordinate Obligations (including the Subordinate Series 2017 Bonds). Principal of and interest on the Subordinate Series 2010 Bonds does not reflect the application of PFCs to the payment of debt service on the Subordinate Series 2010 Bonds.

[4] Does not reflect the application of the Federal Direct Payments (the cash subsidy payments the Authority expects to receive from the United States Treasury equal to a portion of the interest payable on the Subordinate Series 2010C Bonds) to the payment of debt service on the Subordinate Series 2010 Bonds.

[5] Debt Service on the Subordinate Revolving Obligations (which may be outstanding from time to time in an aggregate principal amount of up to $125 million at any one time) and the Subordinate Drawdown Bonds (which may be outstanding from time to time in an aggregate principal amount of up to $100 million at any one time) are not reflected in this table. As of the date of this Official Statements, $58,988,000 aggregate principal amount of Subordinate Revolving Obligations will be outstanding at the time of issuance of the Subordinate Series 2017 Bonds, and a portion of the proceeds of the Subordinate Series 2017 Bonds will be used to repay $32,550,000 aggregate principal amount of the Subordinate Revolving Obligations. As of the date of this Official Statement, there are no Subordinate Drawdown Bonds outstanding.

[6] The Subordinate Series 2017 Bonds have a lien on Subordinate Net Revenues on parity with the other Subordinate Obligations.

[7] Includes interest on the Subordinate Series 2017 Bonds through [January/July] 1, 20[__], to be paid from a portion of the proceeds of the Subordinate Series 2017 Bonds.

Source: San Diego County Regional Airport Authority [and Morgan Stanley & Co. LLC (only with respect to debt service on the Subordinate Series 2017 Bonds)].

Future Financings

After the issuance of the Subordinate Series 2017 Bonds, the Authority expects to issue approximately $[410] million of Additional Senior Bonds in late-2018 to pay a portion of the costs of the Capital Program. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT." The forecasts in the Financial Feasibility Report assume the issuance of Additional Senior Bonds in Fiscal Year 2019. See "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

During the Feasibility Consultant's projection period (through Fiscal Year 2023), the Authority may pursue additional capital projects beyond those described in the preceding paragraph and Additional Senior Bonds and/or Additional Subordinate Obligations may be issued to fund such additional projects. These projects and the funding therefor are not included in the projections included in the Financial Feasibility Report. See "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources." See also the Financial Feasibility Report for a discussion of certain projects the Authority is considering undertaking, including the Airport Development Plan. Additionally, the Authority continuously evaluates refunding opportunities and, when economically beneficial, may refund one or more Series of Senior Bonds and/or Subordinate Obligations.

Other Obligations

Lease Commitments.

Operating Leases. In connection with the Transfer, the Authority entered into several leases with the Port District. The Authority is leasing from the Port District the land used for SDIA for $1 per year, for 66 years, through December 31, 2068. In addition, the Authority leases from the Port District 90.67 acres of the former General Dynamics property on Pacific Highway adjacent to SDIA for 66 years commencing January 1, 2003 (the "General Dynamics Lease"). The General Dynamics Lease calls for rent payments of $6,826,656 annually through December 31, 2068. A portion of the land is leased back to the Port District for employee parking for Port District administration building employees and is leased back by the Port District at the same fair market unit value per square-foot as paid by the Authority. The Authority and the Port District also have entered into a lease for 47.54 acres on North Harbor Drive (the "TDY Property"), commencing January 1, 2005 and expiring December 31, 2068 (the "TDY Lease"). The Authority pays the Port District $3 million annually to lease the TDY Property.

The Authority also entered into a lease with the Port District, commencing September 1, 2006, for a property located at 2415 Winship Lane, known as the "Sky Chef" property. The term of the lease is 60 years with $350,000 in annual rental.

Under current law, in the event SDIA is relocated and the current location is no longer used by SDIA for airport purposes, all of the Authority's leases with the Port District would terminate and the right to use the property subject to those leases would revert to the Port District. See "CERTAIN INVESTMENT CONSIDERATIONS—State Tidelands Trusts."

Lease payments pursuant to the above-described operating lease agreements constitute Operation and Maintenance Expenses of the Airport System, and thus payment thereof is senior in priority to payment of the Senior Bonds and the Subordinate Obligations (including the Subordinate Series 2017 Bonds). All such leases are treated as operating leases by the Authority.

As of July 1, 2017, the Authority estimated that its future rental commitments under the above described operating lease agreements will be in the amounts described in the following table.

TABLE 4
San Diego County Regional Airport Authority
Future Rental Commitments

Fiscal Year	Rental Payments
2018	$10,172,520
2019	10,172,520
2020	10,172,520
2021	10,172,520
2022	10,172,520
2023-2026	50,862,600 [1]
2028-2031	50,862,600 [1]
2033-2036	50,862,600 [1]
2038-2041	50,862,600 [1]
2043-2046	50,862,600 [1]
2048-2051	50,862,600 [1]
2053-2056	50,862,600 [1]
2058-2061	50,862,600 [1]
2063-2066	50,862,600 [1]
2068-2069	15,258,780 [2]
Total	$523,884,780

[1] Total rental payments due during five Fiscal Year period. Rental payments are $10,172,520 in each Fiscal Year.
[2] Includes $10,172,520 of rental payments for Fiscal Year 2068 and $5,086,260 of rental payments for Fiscal Year 2069. The current expiration dates of the leases is December 31, 2068.
Source: San Diego County Regional Airport Authority

Capital Leases. The Authority also has entered into several equipment leases due to expire in 2020. These equipment leases require monthly payments of $6,849 and are treated as capital leases by the Authority.

RDC Installment Purchase Agreement. The Authority and AFCO CRDC SAN LLC ("AFCO") entered into an Installment Purchase Agreement, dated March 15, 2011 (the "RDC Installment Purchase Agreement"), pursuant to which AFCO agreed to design, build and finance a receiving and distribution center ("RDC") at SDIA, and the Authority agreed to lease the RDC from AFCO for a term of 20 years commencing in November 2012 (the date of completion of the RDC). The RDC is a 21,000 square-foot building that provides a single receiving point for most goods delivered to SDIA. Distribution of these goods to various locations at SDIA is conducted by a single delivery service provided by Bradford Logistics. Pursuant to the RDC Installment Purchase Agreement, the Authority pays AFCO a monthly installment payment of $73,108. The installment payments are payable from any legally available moneys of the Authority after the payment of the Operation and Maintenance Expenses of the Airport System, the debt service and reserve fund requirements on the Senior Bonds and the Subordinate Obligations (including the Subordinate Series 2017 Bonds), and the required deposits to the Operation and Maintenance Reserve Subaccount and the Renewal and Replacement Subaccount.

Special Facility Obligations. Pursuant to the Master Senior Indenture, the Authority may designate an existing facility or a planned facility as a "Special Facility" and may incur indebtedness in order to acquire, construct, renovate or improve such facility or to finance the acquisition, construction, renovation or improvement thereof by a third party. Additionally, the Authority may provide that all contractual payments derived by the Authority from such Special Facility, together with other income and revenues available therefrom (but only to the extent such payments, income and revenue are necessary to make the payments of 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), will constitute "Special Facilities Revenue" and will not be included in Revenues, Net Revenues or Subordinate Net Revenues. Such indebtedness will constitute a "Special Facility Obligation" and will be payable solely from the Special Facilities Revenue. When Special Facility Obligations issued for a Special Facility are fully paid or otherwise discharged, all revenues received by the Authority from such facility will be included as Revenues. To the extent Special Facility Revenues exceed the amounts required to pay the principal of and interest on Special Facility Obligations when due, to the extent not otherwise encumbered, the excess may constitute Revenues as determined by the Authority.

In February 2014, the Authority issued $305,285,000 aggregate principal amount of its Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project) Series 2014A and Series 2014B (the "Series 2014 Special Facilities Bonds") to finance a portion of the costs of the development and construction of a consolidated rental car facility (the "Rental Car Center") and related improvements at SDIA. The Series 2014 Special Facilities Bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of (a) the CFCs collected by the rental car companies operating at SDIA, (b) under certain circumstances, "Bond Funding Supplemental Consideration" payable by the rental car companies operating at SDIA, and (c) certain funds and accounts. *The Series 2014 Special Facility Bonds are not, in any way, secured by, or payable from, Revenues*. See "SAN DIEGO INTERNATIONAL AIRPORT—Existing Facilities" and "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—Rental Car Agreements."

Senior and Subordinate Repayment Obligations. Under certain circumstances, the obligation of the Authority, pursuant to a written agreement, to reimburse the provider of a Credit Facility or a Liquidity Facility (a "Repayment Obligation") may be secured by a pledge of and lien on Net Revenues on parity with the Senior Bonds or secured by a pledge of and lien on the Subordinate Net Revenues on parity with the Subordinate Obligations (including the Subordinate Series 2017 Bonds). If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Senior Bonds, all or a portion of the Authority's Senior Repayment Obligation may be afforded the status of a Senior Bond under the Senior Indenture. If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Subordinate Obligations, all or a portion of the Authority's Subordinate Repayment Obligation may be afforded the status of a Subordinate Obligation under the Subordinate Indenture. As of the date of this Official Statement, the Authority has no outstanding Senior Repayment Obligations or Subordinate Repayment Obligations. See "APPENDIX C—CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE AND THE FIFTH SUPPLEMENTAL SUBORDINATE INDENTURE—SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Subordinate Repayment Obligations Afforded the Status of Subordinate Obligations."

THE AUTHORITY

General

The Port District operated SDIA from 1963 until December 31, 2002. Pursuant to the Act, the California Legislature created the Authority and transferred, by long-term lease, the operations of SDIA to the Authority effective January 1, 2003.

The Authority is vested with four principal responsibilities: (a) operating the Airport System (the main asset of which is SDIA); (b) planning and operating any future airport that could be developed as a supplement or replacement to SDIA; (c) developing a comprehensive land use compatibility plan as it may relate to the Airport System for the entire County; and (d) serving as the region's airport land use commission.

Board of Directors

The Authority is governed by a nine-member board of directors (the "Board"), with two or more additional members serving as non-voting, *ex-officio* board members. Board members serve three-year terms. Three members of the Board serve as the Executive Committee. Pursuant to the Act, the members of the Board are appointed as follows: the Mayor of the City San Diego appoints three members (two of which are subject to confirmation by the San Diego City Council); the Chair of the Board of Supervisors of the County appoints two members (subject to confirmation by the Board of Supervisors of the County); the mayors of the east county cities (El Cajon, La Mesa, Lemon Grove and Santee) appoint one member; the mayors of the north county coastal cities (Carlsbad, Del Mar, Encinitas, Oceanside and Solana Beach) appoint one member; the mayors of the north county inland cities (Escondido, Poway, San Marcos and Vista) appoint one member; and the mayors of the south county cities (Chula Vista, Coronado, Imperial Beach and National City) appoint one member. The Board also consists of two non-voting, *ex-officio* members, the District Director of the State Department of Transportation for the San Diego region and the Department of Finance representative for the State Lands Commission, both of whom are appointed by the Governor. The Board also may provide for additional non-voting, *ex-officio* members, including, but not limited to, representatives of the United States Navy and the United States Marine Corps.

The current members of the Board are set forth below.

Board Members	Occupation	Appointing Authority	Current Term Expires
Executive Committee			
C. April Boling (Chair)	Certified Public Accountant	Mayor, City of San Diego	January 31, 2018
Paul Robinson (Vice Chair)	Partner, Hecht Solberg Robinson Goldberg and Bagley LLP	Chair, San Diego County Board of Supervisors	January 31, 2020
Jim Janney	Business Owner	Mayors, South County Cities	January 31, 2018
General Members			
Greg Cox	San Diego County Supervisor	Chair, San Diego County Board of Supervisors	January 31, 2019
Jim Desmond	Mayor, City of San Marcos; Captain, Delta Air Lines	Mayors, North County Inland Cities	January 31, 2018
Robert H. Gleason	President and Chief Executive Officer, Evans Hotels	Mayor, City of San Diego	January 31, 2020
Mark Kersey	Councilmember, City of San Diego	Mayor, City of San Diego	January 31, 2019
Mary Sessom	College Instructor	Mayors, East County Cities	January 31, 2019
Michael Schumacher	Councilmember, City of Carlsbad	Mayors, North County Coastal Cities	January 31, 2020
Ex-Officio Members			
Laurie Berman	District Director for the California Department of Transportation, San Diego Region	Governor, State of California	N/A
Eraina Ortega	Chief Deputy Director, Policy at the Department of Finance, State of California	Governor, State of California	N/A
Colonel Jason G. Woodworth	Commander, Marine Corps Air Station Miramar	United States Navy/United States Marine Corps	N/A

The fundamental powers and functions of the Authority are established by the Act. The Act empowers the Board to adopt more specific rules to guide the conduct of the Board, officers and employees of the Authority, and those persons and entities that interact with the Authority or utilize the premises and property of the Authority. The Board has exercised that power by adopting codes that govern and regulate the conduct of persons, organizations and other third parties that use the facilities under the Authority's jurisdiction; and policies that address the Authority's internal operations and governance.

Pursuant to its policies, the Board has established the following standing committees with the following functions:

Audit Committee. The Audit Committee serves as a guardian of the public trust, acting independently and charged with oversight responsibilities for reviewing the Authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior and regular attention to cash flows, capital expenditures, regulatory compliance and operations. In addition to the Board members that serve on the Audit Committee, three members of the public, appointed by the Board, serve on the Audit

Committee. The Audit Committee's responsibilities are as follows: (a) review regularly the Authority's accounting, audit and performance monitoring processes; (b) at the time of renewal, recommend to the Executive Committee and the full Board its nomination for an external auditor and the compensation of the auditor, and consider at least every three years, whether there should be a rotation of the audit firm or the lead audit partner to ensure continuing auditor independence; (c) advise the Executive Committee and the Board regarding the selection of the auditor; (d) be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, Authority policies and procedures; (e) be responsible for overseeing the annual audit by the external auditors and internal audits; and (f) make recommendations to the full Board with regard to all of the foregoing.

Executive Committee. The Executive Committee is responsible for overseeing the implementation of the administrative policy of the Authority. The Executive Committee members may not be included in the direct operation of the facilities and the airports under the jurisdiction of the Authority, nor may they be included in the chain of command for purposes of emergency procedures. The Executive Committee is required to conduct monthly meetings with the President/CEO and his or her staff to review the operations of the Authority. Any policy recommendation from the Executive Committee must be forwarded to the Board for consideration at a public meeting of the Board.

Executive Personnel and Compensation Committee. The Executive Personnel and Compensation Committee evaluates the President/CEO, Auditor and General Counsel and makes recommendations to the Board concerning their compensation. The Executive Personnel and Compensation Committee also reviews and makes recommendations regarding Board Member compensation.

Finance Committee. The Finance Committee is established to oversee the financial performance and condition of the Authority and review the operating and capital budget and financial plan, and major financial policies or actions of the Authority. The Finance Committee is required to meet at least quarterly each year.

Capital Improvement Program Oversight Committee. The Capital Improvement Program Oversight Committee oversees the implementation of the Capital Improvement Program, which includes the investigation and evaluation of the physical/functional, financial, environmental, community aspects, intergovernmental coordination, and public communication/outreach related to all Capital Improvement Program activities.

Each committee is required to include one Executive Committee member. All committee appointments are for a one-year term. The Board may establish or maintain additional Board committees from time to time as necessary or appropriate in accordance with the Authority's policies.

Executive Management

Kimberly J. Becker, President and CEO. Kimberly J. Becker was appointed President and CEO of the Authority on May 1, 2017. She brings with her nearly 30 years of experience in the aviation industry. As President/CEO, Ms. Becker is responsible for management oversight of the Authority and SDIA. Prior to joining the Authority, Ms. Becker served as Director of Aviation for the Norman Y. Mineta San José International Airport ("San José Airport"), a position she assumed in September 2013. Prior to being appointed the Director of Aviation for San José Airport, she was appointed the Chief Operating Officer for the San José Airport in 2011, and the Assistant Director of Aviation at San José Airport in 2008. Ms. Becker's career in aviation and airport management has included operations and environmental positions at Lockheed Air Terminal in Burbank, California, and Teterboro Airport in New

Jersey. She previously served as President of the California Airports Council representing 33 commercial service airports across the State and was on the Board of Directors for the Southwest Chapter of the American Association of Airport Executives. Ms. Becker also previously served on the Board of Directors for the San Jose Silicon Valley Chamber of Commerce, Joint Venture Silicon Valley and was on the Advisory Board for San Jose State University's Aviation Program. Ms. Becker holds a bachelor's degree in business administration from Indiana University of Pennsylvania, and a master's degree in business administration/aeronautics from Embry-Riddle Aeronautical University based in Daytona Beach Florida.

Scott M. Brickner, Vice President, Finance & Asset Management/Treasurer. Scott Brickner is Vice President, Finance and Asset Management and Treasurer of the Authority. He has oversight of the Authority's Procurement, Small Business Development, Accounting, Financial Management, Business Management, Information & Technology Services, and Business Development functions. Mr. Brickner held various senior management positions in the private sector prior to joining the Authority in April 2009. Mr. Brickner received a Bachelor of Business Administration from Benedictine College in Kansas, an MBA from St. Louis University, and has an active CPA license in the state of California. In 2016 he received the CFO of the Year Award from the San Diego Business Journal.

Angela Shafer-Payne, Vice President, Operations Division. Angela Shafer-Payne is the Vice President, Operations Division for the Authority. Ms. Shafer-Payne oversees airside and landside operations, public safety and security, ground transportation and facilities maintenance. She has been with SDIA since 1995, during which time she has held various leadership positions. One of Ms. Shafer-Payne's most notable achievements was her instrumental role in establishing and setting up the Authority, effectually separating SDIA from its previous owner, the Port District. She has a bachelor's degree in Business Administration with a concentration in Aeronautical Studies and Meteorology from the University of North Dakota. She also holds an Instrument Rated pilot license.

Jeffrey Woodson, Vice President, Development Division. Jeffrey A. Woodson is the Vice President, Development Division for the Authority. Mr. Woodson joined SDIA in 2002. As Vice President, Development Division, he is responsible for Facilities Development, Airport Design & Construction, Airport Planning & Noise and Environmental Affairs. Mr. Woodson is currently overseeing the Capital Program. In addition to major construction projects, he oversees both the Quieter Home Program and Noise Monitoring Program. Prior to joining SDIA, Mr. Woodson served as the Director of Management & Budget for the City of Dayton, Ohio and the City of Richmond, Virginia. He also served as Assistant City Manager in Portsmouth, Virginia. Mr. Woodson has over 35 years of experience working for government entities, including the Commonwealth of Virginia. He was responsible for operating appropriations totaling $600 million in Dayton and $750 million in Richmond. Mr. Woodson holds a Masters of Public Administration from Virginia Commonwealth University and a Bachelor of Arts from Virginia State University. He is a graduate of the Management Excellence Program sponsored by the Cooper Center for Public Service at the University of Virginia and the Executive Leadership Institute program sponsored by the National Forum for Black Public Administrators. Mr. Woodson is a member of the Government Finance Officers Association, the National Forum for Black Public Administrators and the American Association of Airport Executives. He has served on various boards, including the Board of Directors for the San Diego Council on Literacy from 2005-2012, and the Board of the San Diego Workforce Partnership. Mr. Woodson also served as the local Chapter President of the San Diego Tuskegee Airmen International from 2013-2015.

Mark Burchyett, Chief Auditor. Mark Burchyett is the Chief Auditor of the Authority. Mr. Burchyett joined the Authority in 2005. Prior to joining the Authority, he served as the Director of Internal Audit for St. Louis County, reporting to the St. Louis County Council. Mr. Burchyett's three years with St. Louis County were preceded by serving as the Director of Internal Audit for the St. Charles

County Government. He worked as the Enterprise Risk Services Manager for Deloitte & Touche, LLP, prior to his government service. Mr. Burchyett has served as a Senior Financial/Operational Auditor, Regulatory Auditor, and an Accounting Instructor with Eastern Illinois University. Mr. Burchyett is currently a part-time Accounting Instructor at Palomar College in San Marcos. He holds a Bachelor's degree and a Master's in Business Administration from Eastern Illinois University. Mr. Burchyett is a certified public accountant, a certified internal auditor, a certified fraud examiner, and a certified information systems auditor. He also has accreditation in internal quality assessment/validation for internal audit departments.

Amy Gonzalez, General Counsel. Amy Gonzalez serves as the General Counsel for the Authority. She has served as an attorney representing the Authority since 2003. Prior to joining the Authority, Ms. Gonzalez served as a Deputy City Attorney for the Department of Airports of the City of Los Angeles, California, operator of Los Angeles International Airport, Van Nuys and Palmdale Regional Airports. She has over 20 years of experience representing public entities, and, for the past 17 years, her practice has specialized in airport matters dealing with aircraft noise, rates and charges, transportation, the environment, eminent domain, contracts, concessions, revenue diversion and real property. Ms. Gonzalez graduated from St. Louis University and received a Juris Doctor from Pepperdine University School of Law. She is an adjunct professor of law at California Western School of Law.

Employees and Labor Relations

The Authority employs approximately 410 full-time employees. Approximately 130 of these employees (primarily maintenance workers, airport traffic officers and certain supervisors) are members of the Teamsters Local 911 labor union. Labor relations with respect to those 130 employees are governed by a labor agreement between the Authority and Teamsters Local 911, which will expire on September 30, 2017. The Authority and Teamsters Local 911 are currently negotiating a new labor agreement, which is expected to be brought to the Board for approval in late summer 2017.

Approximately 10 of the Authority's employees are members of a classified service group. Labor relations with respect to these employees is governed by state law applicable to classified service employees. The remaining employees of the Authority are not subject to any collective bargaining agreement.

The Authority has never experienced any disruption in its operations due to labor related matters.

SAN DIEGO INTERNATIONAL AIRPORT

Introduction

SDIA is located approximately three miles northwest of downtown San Diego on approximately 661 acres of land. SDIA is bounded by San Diego Bay, military facilities and residential areas. Dedicated on August 16, 1928, SDIA was originally named "San Diego Municipal Airport—Lindbergh Field." SDIA gained international airport status in 1934 when it became the first federally certified airfield to serve all aircraft types, including seaplanes. World War II brought significant change to the airfield when the U.S. Army Air Corps took it over in 1942 to support the war effort. The infrastructure of SDIA was improved to handle the heavy bombers being manufactured in the region during the war. This transformation, including an 8,750-foot runway (now 9,401 feet), made SDIA jet-ready long before jet passenger planes came into widespread service.

SDIA is located on land leased from the Port District. The leases for most of the land leased from the Port District expire in 2068. The land upon which SDIA is located is held in trust by the Port District pursuant to certain tideland land grants from the State to the Port District. Under current law, in the event SDIA is relocated and the current location is no longer used by the Authority for airport purposes, all of the Authority's leases with the Port District would terminate and the right to use the property subject to those leases would revert to the Port District.

According to ACI statistics, SDIA is the busiest single-runway commercial airport in the United States. SDIA is classified by the FAA as a "large air traffic hub" (an airport that enplanes over 1.0% of the total domestic passengers in the United States). As of June 30, 2017, SDIA handled air transportation for 23 major and commuter passenger airlines. In Fiscal Year 2016, SDIA enplaned approximately 10.2 million passengers (which represented an approximately 5.1% increase in enplaned passengers from the fiscal year ended June 30, 2015). For the calendar year ended December 31, 2016, approximately 96% of the passengers using SDIA were O&D passengers. According to ACI statistics, for the calendar year ended December 31, [2015] (the latest available information from ACI), SDIA was ranked as the [27th] busiest airport in the country as measured by total number of enplaned and deplaned passengers.

Pursuant to the Act, the Authority was required to study alternative sites for relocating SDIA and proposing a county-wide ballot measure regarding the relocation of SDIA. After a thorough study, the Authority concluded that the best alternative for relocating SDIA was to obtain approximately 3,000 acres at Marine Corps Air Station-Miramar and to construct a new airport on this site. In November 2006, the voters of the County voted against the Authority's proposal to move SDIA to Marine Corps Air Station-Miramar. At this time, the Board does not plan to pursue relocation of SDIA from its current location.

Existing Facilities

The existing airfield consists of one east-west runway (Runway 9/27), which is 9,401 feet long and 200 feet wide. Runway 9/27 has sufficient capacity and is of sufficient strength to permit the operation of most existing commercial aircraft, including most large widebody aircraft. However, natural and man-made obstructions, including rising terrain, trees and buildings to the west and east of SDIA limit the effective length of the runway for certain aircraft. This limitation reduces range and/or payload capability depending on the aircraft type and the operating rules of a given carrier. Each aircraft is different with respect to, among other things, its empty weight, engine type, thrust variant, desired payload capability, and desired range. For example, the Boeing 787 is not affected by these runway limitations due to improved airfield performance capabilities. Runway 9/27 is equipped with high-intensity runway lighting and supports both precision and non-precision approaches. SDIA has a system of taxiways leading to and from the terminal area on the south side of SDIA, and to and from the north side of SDIA which is used by cargo and general aviation aircraft. See "CERTAIN INVESTMENT CONSIDERATIONS—Restrictions on Airport Facilities and Operations."

Passenger services at SDIA are located in two terminals, Terminal 1 and Terminal 2 (consisting of Terminal 2 East and Terminal 2 West). Terminals 1 and 2 provide a total of 51 aircraft gates. Terminal 1, the oldest terminal at the Airport, was opened in 1967 and renovated in 1994 and 1997. Terminal 1 is approximately 257,500 square-feet, with 19 aircraft gates. Terminal 2 East was opened in 1979 and is a two-story, approximately 225,700 square-foot facility with 13 aircraft gates. Terminal 2 West was opened in 1998 and expanded in 2013 and is a two-story, approximately 786,600 square-foot facility with 19 aircraft gates.

Approximately 5,221 public parking spaces, operated by the Authority, are available at the Airport, including (a) approximately 2,151 short-term parking spaces located directly in front of Terminal 1 and Terminal 2, (b) approximately 2,615 long-term parking spaces located in two remote lots, (c) approximately 97 spaces in a free cell phone lot located east of the Authority's administration offices, and (d) approximately 456 valet parking spaces, with curb-side drop-off in front of Terminals 1 and 2. A portion of the Terminal 2 parking lot is currently closed while the new Terminal 2 West Parking Plaza is constructed (see "PLAN OF FINANCE AND APPLICATION OF SUBORDINATE SERIES 2017 BOND PROCEEDS" and "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Capital Program"). The Terminal 2 West Parking Plaza will contain approximately 2,900 parking spaces, which will provide a net 1,700 more parking spaces than are currently available at SDIA. The Terminal 2 West Parking Plaza is scheduled to open in the Summer of 2018.

The on-Airport rental car companies operate from the newly constructed "Rental Car Center" that consists of a customer service building, ready/return, "quick turnaround" and staging/storage areas with approximately 5,400 parking spaces, and fueling, car wash and light maintenance facilities, and is located on approximately 24.8 acres on the north-side of the Airport. The Rental Car Center opened in January 2016. A shuttle bus system transports passengers from the terminals to the Rental Car Center. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Other Obligations—Special Facility Obligations" and "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—Rental Car Agreements."

Air cargo facilities at the Airport currently provide approximately 69,000 square feet of building space in three buildings on approximately 291,596 square-feet of land. The Authority is currently in the process of selecting a developer to design, build, finance, operate and maintain new air cargo facilities and an aircraft ramp on the northside of the Airport (the "North Cargo Facility"). See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Third-Party Financed Projects" for additional information on the North Cargo Facility.

Various other facilities located at the Airport include, among others, a control tower, central utilities plant and fuel facilities are located at the Airport or on land located near the Airport. The previous Commuter Terminal, a three-story building with approximately 133,000 square-feet, serves as the offices of the Authority.

Air Carriers Serving SDIA

As of June 30, 2017, 22 passenger airlines provided daily service from SDIA to a total of 53 U.S. cities and 9 foreign cities, and 5 air carriers provided scheduled all-cargo service at SDIA. The following table sets forth the air carriers serving SDIA as of June 30, 2017. See "AIRLINE INDUSTRY INFORMATION."

TABLE 5
San Diego International Airport
Air Carriers Serving San Diego International Airport
(As of June 30, 2017)

Scheduled U.S. Carriers	Foreign Flag Carriers	All-Cargo Carriers
Alaska Airlines[1,2]	Air Canada Rouge[6]	Atlas Air, Inc.
Allegiant	British Airways	Ameriflight
American Airlines	Condor	FedEx
Compass Air[3]	Edelweiss	United Parcel Service
Delta Air Lines	Japan Airlines	West Air, Inc.
Frontier Airlines	Jazz Aviation[6]	
Hawaiian Airlines	WestJet Airlines	
Horizon Air[1,4]		
JetBlue Airways		
SkyWest Airlines[5]		
Southwest Airlines		
Spirit		
Sun Country Airlines		
United Airlines		
Virgin America[2]		

[1] Alaska Airlines and Horizon Air Industries are separately certificated airlines owned by Alaska Air Group, Inc. ("Alaska Air Group").
[2] In December 2016, Alaska Air Group acquired Virgin America Inc. Alaska and Virgin currently are operating under separate FAA certificates, but are expected to begin operating under one certificate in the first quarter of 2018.
[3] An affiliate of and doing business as American Airlines and Delta Air Lines.
[4] An affiliate of and doing business as Alaska Airlines.
[5] An affiliate of and doing business as United Express, Delta Connection and Alaska Airlines.
[6] Air Canada has entered into an Airline Lease Agreement, but service at the Airport is provided by Air Canada Rouge and Jazz Aviation.
Source: San Diego County Regional Airport Authority

Aviation Activity

In Fiscal Year 2016, SDIA enplaned approximately 10.2 million passengers (which represented an approximately 5.1% increase in enplaned passengers from the fiscal year ended June 30, 2015). For the calendar year ended December 31, 2016, approximately 96% of the passengers using SDIA were O&D passengers. According to ACI statistics, for the calendar year ended December 31, [2015] (the latest available information from ACI), SDIA was ranked as the [27th] busiest airport in the country as measured by total number of enplaned and deplaned passengers. As of April 1, 2017, passenger airlines and cargo carriers were operating approximately 255 departures daily at SDIA.

The following table sets forth the total domestic and international enplanements and total deplanements at SDIA for the last ten Fiscal Years and the first nine months of Fiscal Years 2016 and 2017.

TABLE 6
San Diego International Airport
Total Enplanements and Deplanements

	Enplanements						Deplanements			
Fiscal Year	Domestic Enplanements	Percent of Total	International Enplanements	Percent of Total	Total Enplanements	Percent Change	Total Deplanements	Percent Change	Total Enplanements and Deplanements	Percent Change
2007	8,797,153	98.9%	94,916	1.1%	8,892,069	1.6%	8,861,770	1.5%	17,753,839	1.5%
2008	9,302,073	99.1	87,254	0.9	9,389,327	5.6	9,382,223	5.9	18,771,550	5.7
2009	8,450,723	99.0	85,051	1.0	8,535,774	(9.1)	8,538,044	(9.9)	17,073,818	(9.0)
2010	8,339,147	98.6	114,739	1.4	8,453,886	(1.0)	8,463,709	(0.9)	16,917,595	(0.9)
2011	8,316,322	98.5	124,798	1.5	8,441,120	(0.2)	8,427,612	(0.4)	16,868,732	(0.3)
2012	8,323,734	97.1	251,741	2.9	8,575,475	1.6	8,562,938	1.6	17,138,413	1.6
2013	8,460,959	96.8	276,658	3.2	8,737,617	1.9	8,703,351	1.6	17,440,968	1.7
2014	8,745,640	96.3	336,604	3.7	9,082,244	3.9	9,062,886	4.1	18,145,130	4.0
2015	9,381,259	96.6	331,807	3.4	9,713,066	6.9	9,696,617	7.0	19,409,683	7.0
2016	9,848,924	96.5	357,298	3.5	10,206,222	5.1	10,190,948	5.1	20,397,170	5.1
First Nine Months[1]										
2016	7,309,224	96.6	259,113	3.4	7,568,337	–	7,577,065	–	15,145,402	–
2017	7,447,132	96.4	280,093	3.6	7,727,225	2.1	7,711,656	1.8	15,438,881	1.9

[1] July 1 through March 31. Results for the first nine months of Fiscal Year 2017 may not be indicative of results for the full Fiscal Year 2017.
Source: San Diego County Regional Airport Authority

The following table sets forth total revenue operations (landings and takeoffs) at SDIA for Fiscal Years 2007 through 2016 and the first nine months of Fiscal Years 2016 and 2017.

TABLE 7
San Diego International Airport
Revenue Operations

Fiscal Year	Total Operations[1]	Operations Growth
2007	225,444	(0.6)%
2008	240,289	6.6
2009	208,783	(13.1)
2010	194,509	(6.8)
2011	186,181	(4.3)
2012	186,196	0.0
2013	187,322	0.6
2014	187,757	0.2
2015	195,268	4.0
2016	194,151	(0.6)
First Nine Months[2]		
2016	130,833	–
2017	133,009	1.6

[1] For revenue-related departures and arrivals.
[2] July 1 through March 31. Results for the first nine months of Fiscal Year 2017 may not be indicative of results for the full Fiscal Year 2017.
Source: San Diego County Regional Airport Authority

Air Cargo

The following table sets forth information concerning cargo traffic (enplaned and deplaned cargo) over the last ten Fiscal Years and the first nine months of Fiscal Years 2016 and 2017.

TABLE 8
San Diego International Airport
Historical Enplaned and Deplaned Freight and U.S. Mail Cargo
(in tons)

Fiscal Year	Freight	Annual Percentage Change	U.S. Mail	Annual Percentage Change	Total	Annual Percentage Change
2007	157,478	(0.5)%	33,566	7.3%	191,044	0.8%
2008	128,456	(18.4)	16,067	(52.1)	144,523	(24.4)
2009	104,750	(18.5)	16,032	(0.2)	120,782	(16.4)
2010	108,823	3.9	16,690	4.1	125,513	3.9
2011	122,204	12.3	16,802	0.7	139,005	10.7
2012	136,036	11.3	17,335	3.2	153,370	10.3
2013	138,760	2.0	18,265	5.4	157,025	2.4
2014	145,831	5.1	19,135	4.8	164,966	5.1
2015	157,229	7.8	21,386	11.8	178,614	8.3
2016	165,046	5.0	20,609	(3.6)	185,656	3.9
First Nine Months[1]						
2016	105,532	–	15,919	–	121,452	–
2017	108,556	2.9	16,277	2.3	124,833	2.8

[1] July 1 through March 31. Results for the first nine months of Fiscal Year 2017 may not be indicative of results for the full Fiscal Year 2017.
Source: San Diego County Regional Airport Authority.

Enplanements by Air Carriers

The following table presents total enplanements for each air carrier serving SDIA for the last five Fiscal Years. For Fiscal Year 2016, Southwest accounted for approximately 37.6% of the enplanements at SDIA, 35.3% of the landed weight at SDIA and 14.5% of the operating revenues of the Authority. Over the past five Fiscal Years, Southwest has enplaned about one-third of the passengers at SDIA. Since approximately 96% of the passengers using SDIA are O&D passengers (based on calendar year 2016 enplanements), and the Authority relies very little on connecting enplanements, the Authority believes that any reduction in service by Southwest would probably be absorbed by one or more other airlines operating at SDIA.

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TABLE 9
San Diego International Airport
Enplanements By Air Carriers
(Ranked on 2016 Results)[1]

Air Carrier	Fiscal Year 2012	2012 Percent Share	Fiscal Year 2013	2013 Percent Share	Fiscal Year 2014	2014 Percent Share	Fiscal Year 2015	2015 Percent Share	Fiscal Year 2016	2016 Percent Share
Southwest	3,252,290	37.9%	3,253,225	37.2%	3,352,870	36.9%	3,736,688	41.1%	3,840,455	37.6%
American[2]	1,200,372	14.0	1,211,564	13.9	1,248,239	13.7	1,270,527	14.0	1,369,003	13.4
United[3]	1,266,007	14.8	1,175,869	13.5	1,167,661	12.9	1,113,510	12.3	1,165,565	11.4
Delta	935,777	10.9	904,734	10.4	915,907	10.1	992,498	10.9	1,061,889	10.4
Alaska[4]	579,457	6.8	673,731	7.7	830,349	9.1	871,775	9.6	902,705	8.8
Spirt	77,873	0.9	164,189	1.9	201,414	2.2	252,219	2.8	327,183	3.2
Virgin America[4]	166,326	1.9	168,297	1.9	156,729	1.7	175,973	1.9	211,075	2.1
JetBlue	147,051	1.7	152,571	1.7	173,282	1.9	178,590	2.0	182,605	1.8
Frontier	198,708	2.3	184,020	2.1	185,270	2.0	150,595	1.7	118,990	1.2
Hawaiian	86,211	1.0	94,283	1.1	98,667	1.1	96,963	1.1	102,462	1.0
British Airways	81,437	0.9	81,534	0.9	84,600	0.9	84,263	0.9	89,723	0.9
Japan Airlines	-	0.0	18,249	0.2	54,213	0.6	59,372	0.7	59,647	0.6
Air Canada	56,470	0.7	45,058	0.5	36,636	0.4	41,175	0.5	48,985	0.5
Sun Country Airlines	15,889	0.2	23,836	0.3	27,276	0.3	28,732	0.3	34,886	0.3
Volaris	45,589	0.5	30,885	0.4	23,285	0.3	20,004	0.2	21,343	0.2
Others[5]	43,634	0.5	43,212	0.5	39,664	0.4	41,129	0.5	51,341	0.5
Total Air Carrier	8,153,091	95.1	8,225,257	94.1	8,596,062	94.6	9,114,013	93.8	9,587,857	93.9
Regional										
SkyWest[6]	263,144	3.1%	352,189	4.0%	341,365	3.8%	371,979	3.8%	301,592	2.9%
Compass[7]	–	–	–	–	8,563	0.1	140,012	1.4	249,723	2.4
Horizon[8]	5,900	0.1	77,392	0.9	84,000	0.9	83,764	0.9	64,758	0.6
Other	153,340	1.8	82,779	0.1	52,254	0.1	3,298	<0.1	2,292	<0.1
Total Regional	422,384	4.9	512,360	5.9	486,182	5.4	599,053	6.2	618,365	6.1
Total Enplanements	8,575,475	100.0%	8,737,617	100.0%	9,082,244	100.0%	9,713,066	100.0%	10,206,222	100.0%

[1] Totals may not add due to rounding.
[2] Effective December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. American Airlines and US Airways began operating as a single airline (under the American brand) in October 2015. Enplanements are for both American and US Airways.
[3] On October 1, 2010, United Airlines and Continental Airlines merged. United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012. Enplanements are for both United Airlines and Continental Airlines.
[4] In December 2016, Alaska Air Group acquired Virgin America Inc. Alaska and Virgin currently are operating under separate FAA certificates, but are expected to begin operating under one certificate in the first quarter of 2018.
[5] "Others" includes airlines that ceased operating at SDIA during the period shown in the table, and airlines with a Fiscal Year 2016 market share of less than 0.5%.
[6] An affiliate of and doing business as United Express, Delta Connection and Alaska Airlines.
[7] An affiliate of and doing business as American Airlines and Delta Air Lines.
[8] An affiliate of and doing business as Alaska Airlines.
Source: San Diego County Regional Airport Authority

Landed Weight

The following table sets forth the total revenue landed weight for the largest passenger airlines and cargo carriers serving SDIA for the last five Fiscal Years, ranked on Fiscal Year 2016 results.

TABLE 10
San Diego International Airport
Total Revenue Landed Weight
(Ranked on Fiscal Year 2016 Results)
(in thousands of lbs.)[1]

Airline/Cargo Carrier	2012	2013	2014	2015	2016	2016% of Total
Southwest	3,953,536	3,907,554	3,925,362	4,214,314	4,257,162	35.3%
American[2]	1,344,140	1,339,751	1,349,554	1,359,911	1,467,922	12.2
United[3]	1,502,203	1,387,854	1,340,736	1,227,974	1,250,500	10.4
Delta	1,047,068	1,023,608	1,016,878	1,077,103	1,153,074	9.6
Alaska[4]	648,359	750,000	884,727	888,065	924,310	7.7
FedEx	452,453	451,797	419,127	384,686	444,038	3.7
SkyWest[5]	306,789	428,595	396,054	408,608	359,197	3.0
Spirit	98,931	208,200	245,669	296,925	351,977	2.9
Compass[6]	-	-	10,979	172,754	307,793	2.6
Virgin America[4]	208,253	235,934	232,136	240,781	281,411	2.3
JetBlue	166,232	168,080	189,979	193,848	199,232	1.7
British Airways	167,440	163,760	166,980	166,980	183,760	1.5
Hawaiian	118,088	140,637	147,325	146,284	147,406	1.2
Japan Airlines	-	47,125	138,700	138,700	139,080	1.2
United Parcel Service	120,454	118,180	121,742	127,660	135,318	1.1
Others	685,956	644,639	600,817	479,127	445,964	3.7
Total	10,819,901	11,015,716	11,186,765	11,523,720	12,048,144	100.0%
Annual % Change	2.0%	1.8%	1.6%	3.0%	4.6%	

[1] Totals may not add due to rounding.
[2] Effective December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. American Airlines and US Airways began operating as a single airline (under the American brand) in October 2015. Enplanements are for both American and US Airways.
[3] On October 1, 2010, United Airlines and Continental Airlines merged. United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012. Enplanements are for both United Airlines and Continental Airlines.
[4] In December 2016, Alaska Air Group acquired Virgin America Inc. Alaska and Virgin currently are operating under separate FAA certificates, but are expected to begin operating under one certificate in the first quarter of 2018.
[5] An affiliate of and doing business as United Express, Delta Connection and Alaska Airlines.
[6] An affiliate of and doing business as American Airlines and Delta Air Lines.
Source: San Diego County Regional Airport Authority

Emergency Preparedness

The Authority has an approved Airport Emergency Plan ("AEP") as required under FAA regulations. The AEP addresses essential emergency-related and deliberate actions planned to ensure the safety of and emergency services of the populace of SDIA and the surrounding communities.

The Authority also has prepared a Business Continuity Plan ("BCP") to assist the organization in managing (a) minor events - business disruptions impacting a single Authority function/department, (b) moderate events – business disruptions impacting multiple Authority functions/department, and (c) major events – business disruptions impacting the entire Authority/SDIA. The plan contains information on emergency contact details, strategies to mitigate impact, procedures to be implemented and communication processes to be followed in response to business disruptions. The BCP is to be initiated at the outset of a disruptive event and includes operating SDIA during the emergency situation and business recovery steps to return the operation back over to regular management after the BCP leader deems the recovery to be complete.

The BCP, and all its components, are reviewed annually and a tabletop exercise conducted to test the readiness of the plan. Every two to three years, the BCP is subject to a full test during the execution of the testing of the AEP.

All employees of the Authority are responsible for maintaining the continuous operation of the organization in the event of a disaster. The BCP includes a recommended schedule to ensure that all employees undergo on-going training. While the BCP does not include recovery activities that are part of the AEP, it is the intent of management that both plans work in tandem with each other during an emergency incident. The Authority's internal Audit department periodically reviews the BCP and provides comments and suggestions for its improvement.

The Authority has developed, tested and evaluated a comprehensive set of emergency procedures for a probable disruptive event. These procedures and precautions seek to minimize the operational and financial impact on SDIA and the Authority. However, the Authority cannot predict whether SDIA would need to cease operations in the event of an emergency or what types of emergencies would cause SDIA to cease operating. The Authority is not able to predict for how long SDIA would be closed and whether the Authority's reserves would be adequate to return SDIA to full operation in the event of a cessation of operations due to an emergency.

AGREEMENTS FOR THE USE OF AIRPORT FACILITIES

The Authority has entered into, and receives payments under, different agreements with various airlines and other parties, including operating and lease agreements relating to landing fees and the leasing of space in terminal buildings, other building and miscellaneous leases regarding the leasing of cargo and hangar facilities, and concession agreements relating to the sale of goods and services at SDIA.

Airline Lease Agreements

The Authority has entered into separate, but substantially similar, Airline Operating and Lease Agreements (the "Airline Lease Agreements") with 18 passenger airlines operating at SDIA (the "Signatory Passenger Airlines") and 5 all-cargo carriers (the "Signatory Cargo Carriers," and together with the Signatory Passenger Airlines, the "Signatory Airlines"). The Airline Lease Agreements cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SDIA. The Airline Lease Agreements have a term commencing on July 1, 2013 and terminating on June 30, 2018, unless terminated earlier pursuant to their terms. The Airline Lease Agreements may be terminated by the Authority or by the Signatory Airlines with or without cause or default upon the giving of no less than ninety days' notice in writing to the other party of the intention to so terminate. The Signatory Airlines and the Authority have begun negotiating a new airline operating and lease agreement, which the Authority expects to be effective by July 1, 2018. Since the negotiations with the Signatory Airlines are in their preliminary stages, the Authority cannot predict if certain terms of the new agreements will be materially different from the existing agreements. If a new agreement is not entered into by July 1, 2018, the Signatory Airlines will continue to operate at SDIA under the terms of the current Airline Lease Agreements on a month-to-month basis.

Under the Airline Lease Agreements, the Signatory Passenger Airlines operating in Terminal 1 (Alaska, Frontier and Southwest) have exclusive rights to use "Exclusive Use Premises" which consist of ticket counters, associated passenger queuing areas, ticket and baggage service offices and operational support areas. Under the Airline Lease Agreements, the Signatory Passenger Airlines operating in Terminal 2 (Air Canada, Allegiant, American, British Airways, Condor, Delta, Edelweiss, Hawaiian, Japan, JetBlue, Spirit, Sun Country, United, Virgin and WestJet) operate under "Common Use Premises" for ticket counters, free-standing self-service kiosks, skycap podiums, curbside positions and queuing areas, and "Exclusive Use Premises" for ticket and baggage offices and operation support offices. The Signatory Passenger Airlines in both Terminals 1 and 2 also receive the nonexclusive right to use "Joint-Use Premises," which include baggage claim areas and passenger holdrooms; and "Landing Areas," which include runways, taxiways, apron areas, roadways and other areas providing for landing, takeoff, handling, servicing, loading and unloading, and other operations of aircraft. The Airline Lease Agreements provide for common-use gates and preferential-use gates (provided the Signatory Passenger Airline satisfies certain operating thresholds) and do not permit gates to be assigned on an exclusive-use basis.

Pursuant to the Airline Lease Agreements, the landing fees at SDIA are calculated based on a residual rate-setting methodology and the terminal rental rates at SDIA are calculated based on a compensatory rate-setting methodology. Each Signatory Airline is required to pay landing fees on a monthly basis equal to the landed weight of each such Signatory Airline's planes which landed at SDIA for such month multiplied by the landing fee rate. The landing fee rate is equal to the airfield area net requirement divided by the total landed weight for all planes landing at SDIA. The airfield area net requirement is calculated as: (a) the sum of Operation and Maintenance Expenses of the Airport System attributable or allocable to the airfield, bond and other debt service attributable or allocable to the airfield, amortization charges attributable or allocable to the airfield, and reserve requirements attributable or allocable to the airfield; minus (b) the sum of certain airfield area adjustments, including, among others, terminal apron parking charges, overnight parking charges, fuel flowage fees, non-signatory landing fees, and federal, state and local grants and PFCs used to offset bond and other debt service attributable or allocable to the airfield.

Each Signatory Passenger Airline is required to pay terminal rentals on a monthly basis equal to the total area of the terminals allocable to each such Signatory Passenger Airline multiplied by the terminal rental rate. The terminal rental rate is equal to the terminal area net requirement divided by the total area of rentable premises in the terminal. The terminal area net requirement is calculated as: (a) the sum of Operation and Maintenance Expenses of the Airport System attributable or allocable to the terminal, bond and other debt service attributable or allocable to the terminal, amortization charges attributable or allocable to the terminal, and reserve requirements attributable or allocable to the terminal; minus (b) the sum of certain terminal area adjustments, including among others, non-signatory airline terminal rentals, FIS charges, and federal, state and local grants and PFCs used to offset bond and other debt service attributable or allocable to the terminal.

Pursuant to the Airline Lease Agreements, in addition to landing fees and terminal rentals, the Signatory Passenger Airlines are required to pay other fees and charges, including among others, security charges, Common Use System Support Charges, terminal apron parking charges and remain overnight parking charges.

Pursuant to the Airline Lease Agreements, for each Fiscal Year, the Authority is required to develop estimated landing fee rates, terminal rental rates, security surcharge, common use system support charges, terminal apron parking charges and overnight parking charges based on the Authority budget for such Fiscal Year. Before formally adopting the budget, and any resulting rental, fees, or charges, the Authority must consult with the Signatory Airlines and consider their comments regarding the budget and the calculation of the estimated rentals, fees, and changes. Pursuant to the Airline Lease Agreements, the Authority will review the rentals, fees, and charges throughout the Fiscal Year ("interim review") and at a minimum for January 1 of each Fiscal Year ("mid-year review"). If during any interim or mid-year review the Authority finds that the actual expenses and/or activity levels vary by more than 5% from those originally estimated by the Authority, whether more or less, Authority may, after consultation with the Signatory Airlines, adjust the rentals, fees, and charges.

Within seven months after the close of each Fiscal Year, the Authority will calculate the final rentals, fees and charges based on actual expenses and activities for the Fiscal Year. Any difference between the rentals, fees, and charges for these charges paid by the Signatory Airlines versus the rentals, fees, and charges to be paid based on actual expenses and activity for the Fiscal Year either will be refunded by the Authority to the Signatory Airlines or the Signatory Airlines will pay the Authority. Any amount due the Signatory Airlines as a result of such final accounting will be paid in the form of a cash payment to the Signatory Airlines in the next ensuing month. Any amount due the Authority as a result of such final accounting will be invoiced to the Signatory Airlines and due and payable on or before the tenth day of the next ensuing month.

The Airline Lease Agreements do not require the Authority to receive the approval of the Signatory Airlines for the construction of the Master Plan, the Capital Program, the Airport Development Plan or any other capital improvements at SDIA.

In an effort to better match capacity with demand in some markets, certain Signatory Passenger Airlines have entered into agreements with affiliated airlines to operate smaller aircraft on behalf of those Signatory Passenger Airlines. "Affiliate Airlines" are airlines that (a) have been designated by a Signatory Passenger Airline to operate at SDIA as its Affiliate, (b) have executed an Affiliate Airline Operating Agreement with the Authority and the Signatory Passenger Airline, (c) operate their air service at SDIA as the Signatory Passenger Airline under a shared International Air Transportation Association flight designator code, (d) are either wholly-owned by the Signatory Passenger Airline, a subsidiary of the same corporate parent as the Signatory Passenger Airline, or under contract to the Signatory Passenger Airline with respect to its operations as an Affiliate at SDIA, (e) do not sell seats in its own name on any aircraft operated at SDIA, and (f) sell all seats on any aircraft operated at SDIA in the name of the Signatory Passenger Airline. The Affiliate Airline Operating Agreements with the Affiliate Airlines allow the Affiliate Airlines to operate at SDIA on behalf of the applicable Signatory Passenger Airlines without the Affiliate Airline having to enter into an Airline Lease Agreement. Generally, the same rates, fees and charges applicable to the Signatory Passenger Airline's operations at SDIA also apply to the Affiliate Airline's operations at SDIA. In the event an Affiliate Airline fails to pay fees and charges to the Authority, the applicable Signatory Passenger Airline is responsible for the fees and charges billed to its Affiliate Airline. The following table sets forth the Signatory Passenger Airlines and their current Affiliate Airline relationships at SDIA.

TABLE 11
San Diego International Airport
Signatory Passenger Airlines and Their
Affiliated Airlines

Signatory Passenger Airline	Affiliated Airline
Air Canada	Air Canada Rouge
Air Canada	Jazz Aviation
Alaska Airlines	Horizon Air
Alaska Airlines	SkyWest Airlines
American Airlines	Compass Air
Delta Air Lines	SkyWest Airlines
Delta Air Lines	Compass Air
United Airlines	SkyWest Airlines

Source: San Diego County Regional Airport Authority

See "FINANCIAL INFORMATION—Summary of Financial Results" for information with respect to aviation revenues collected by the Authority in Fiscal Year 2016.

Parking Agreement

The Authority has entered into an agreement with Ace Parking Management Inc. ("Ace Management") for the management of the parking facilities at SDIA. The agreement with Ace Management expires on the latter of August 31, 2018 or until a certificate of occupancy is issued for the new Terminal 2 West Parking Plaza (see "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Capital Program"). The agreement requires Ace Management to remit the gross revenues from the parking facilities it operates, on a daily basis, to the Authority. As compensation for Ace Management's performance under the agreement, the Authority pays Ace Management a fixed annual management fee and reimburses Ace Management for certain expenses incurred in the management and operation of the parking facilities.

The Authority sets rates for parking in the Authority's public parking lots. As of January 1, 2017, long-term parking rates were $13 to $20 per day, depending on location, and short-term parking rates were $4 for the first hour and a maximum of $32 for the first day, with every additional day being $32 per day.

As of January 1, 2017, valet parking rates were $36 per day. Public parking accounted for approximately $42.9 million of operating revenues in Fiscal Year 2016, equal to approximately 18.3% of operating revenues or approximately 35% of nonairline revenues.

Rental Car Agreements

As of April 1, 2017, there were 16 rental car companies (operating a total of 23 brands) authorized by the Authority to provide rental car services at SDIA. All of the major national brands are represented at SDIA (Advantage, Alamo, Avis, Budget, Dollar, Enterprise, E-Z, Hertz, National, Thrifty and ZipCar) as well as regional brands (Economy, Fox, Green Motion and Midway) and local brands (A1, Ace, Airport Van Rental, Horizon, Mex Rent a Car, Pacific, Payless, and TravCar). Seventeen of the brands lease space within and operate from the Rental Car Center (the "On-Airport Rental Car Companies"). The remaining 6 brands operate off-Airport by shuttling passenger between the Rental Car

Center and their off-Airport facilities (the “Off-Airport Rental Car Companies”). All rental car companies operating at the Airport must use the busing system to transport passengers to the terminals.

The Authority and each of the On-Airport Rental Car Companies have entered into a Non-Exclusive On-Airport Rental Car Concession Agreement (each a “Rental Car Concession Agreement”), pursuant to which the Authority has granted to each of the Rental Car Companies the right to operate a rental car concession at the Airport from the Rental Car Center on a nonexclusive basis for the purpose of arranging rental car services for the benefit of Airport customers where such rental car service is furnished by or on behalf of the Rental Car Company. Pursuant to the Rental Car Concession Agreements, each of the On-Airport Rental Car Companies pay the Authority a monthly concession fee equal to the greater of (a) a minimum monthly guarantee set forth in the Rental Car Concession Agreements or (b) 10% of the monthly gross revenues of such On-Airport Rental Car Company. Each of the Rental Car Concession Agreements expire on June 30, 2026. The On-Airport Rental Car Companies have agreed that the Authority will have, at the Authority’s sole discretion, the option to extend the Rental Car Concession Agreements for four separate 5-year periods. Each additional 5-year term for which this option is exercised will commence at the expiration of the immediately preceding term. The Off-Airport Rental Car Companies operated at the Airport pursuant to a Non-Exclusive Off-Airport Rental Car Concession Agreement.

In addition to the Rental Car Concession Agreements, the Authority and each of the On-Airport Rental Car Companies have entered into a “Rental Car Center Lease Agreement.” Pursuant to the terms of the Rental Car Center Lease Agreements, the Authority agreed to construct the Rental Car Center and the On-Airport Rental Car Companies have agreed to collect CFCs, pay Bond Funding Supplemental Consideration in the event CFCs are not sufficient to pay debt service on the Series 2014 Special Facilities Bonds, pay ground rent with respect to the respective space leased in the Rental Car Center, and certain reimbursable operating and maintenance costs of the Rental Car Center. Only Rental Car Companies that have entered into a Rental Car Concession Agreement are allowed to enter into a Rental Car Lease Agreement.

Pursuant to Section 1936 of the California Civil Code, in March 2009 and May 2010, the Board authorized the collection of a $10.00 per transaction CFC on rental cars rented from rental car companies operating at SDIA. On October 4, 2012, the Board adopted an alternative CFC collection rate, pursuant to Section 1936 of the California Civil Code, equal to $6.00 per transaction day, effective November 1, 2012; $7.50 per transaction day, effective January 1, 2014; and $9.00 per transaction day, effective January 1, 2017 (each such rate limited to 5 transaction days per transaction). The CFC is collected by the rental car companies from their customers and subsequently transferred to the Authority (or the trustee for the Series 2014 Special Facilities Bonds). The CFC revenues were used and are being used to pay the costs of the design and construction of the Rental Car Center, to pay the debt service on the Series 2014 Special Facilities Bonds, to fund certain funds and accounts associated with the Series 2014 Special Facilities Bonds and the operation and maintenance of the Rental Car Center, and to provide for the busing system between the terminals and the Rental Car Center. *CFC revenues are not included in Revenues and are not available for the payment of debt service on the Senior Bonds or the Subordinate Obligations (including the Subordinate Series 2017 Bonds).*

The Authority received approximately $27.8 million in payments (not including CFCs) from the On-Airport Rental Car Companies and Off-Airport Rental Car Companies in Fiscal Year 2016. The Authority recorded the receipt of approximately $33.2 million of CFC revenues in Fiscal Year 2016.

Terminal Concessions, Advertising and Other Agreements

As part of its Concessions Development Program, the Authority entered into 18 leases with a variety of vendors for 83 food, beverage and retail units at SDIA. The leases with respect to the food and beverage units commenced or commence on the date the applicable concession space is available for beneficial use by the vendor and expires on a date 10 years after such date of available use. The leases with respect to the retail units commenced or commence on the date the applicable concession space is available for beneficial use by the vendor and expires on a date 7 years after such date of available use. The leases provide for rental payments equal to the greater of a minimum annual guarantee ("MAG") or a percentage of gross income. For Fiscal Year 2016, gross sales for food and beverage outlets were $70.4 million, providing approximately $10.4 million in operating revenues to the Authority (which equaled a percentage of the gross sales for food and beverage outlets). For Fiscal Year 2016, gross sales for gift and news outlets were $40.8 million, providing approximately $6.4 million in operating revenues to the Authority (which equaled a percentage of the gross sales for gift and news outlets).

The Authority has entered into an advertising concession agreement with Joint Venture for the Operation of the Advertising Concession ("Joint Venture"). The advertising concession agreement expires on June 30, 2018 and provides for payments from Joint Venture equal to the greater of a MAG or a percentage of gross income received by Joint Venture from advertisements at SDIA. For Fiscal Year 2016, gross advertising income was $2.9 million, providing approximately $2.0 million in operating revenues to the Authority (which equaled the MAG).

The Authority also has entered into agreements with operators of vending machines, airport carts, ATMs and certain other concessionaires. Most of these operators pay the Authority the greater of a MAG or a percentage of gross income.

FINANCIAL INFORMATION

Summary of Financial Operations

Budgeting Process. The Authority operates as an enterprise fund and prepares its budget on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority has one fund and is a separate, independent and local government entity operating on a July 1 through a June 30 Fiscal Year.

The annual budget cycle includes the preparation of two budgets: one to be adopted by the Board for the next Fiscal Year and a conceptual budget for the subsequent Fiscal Year that the Board approves but does not adopt. The budget process usually begins in the fall with senior management collaborating with the Board to update, review and formulate the strategies and initiatives that will drive business performance. From October-January, the management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional requirements with the Authority's overall strategies and initiatives. The Board is briefed continually to solicit input and direction throughout the process. As appropriate, strategic planning workshops and detailed briefings on the proposed operating and capital program budgets are held with the Board.

In January, the budget staff reviews financial results of the first six months of the then-current Fiscal Year. In February and March departments submit budget requests reflecting operating needs and programs to achieve the Authority's strategies and initiatives. Personnel, contractual services, utilities, maintenance, supplies and materials, business development, employee support, fixed assets (property, plant and equipment) and capital projects are proposed and reviewed. The Business & Financial Management, Talent, Culture & Capability, Accounting, Information & Technology Services, Terminals

& Tenants, Ground Transportation, Risk Management, Facilities Management and Facilities Development departments analyze the requests and weigh the cost/benefit impact, where appropriate. Meetings are held with each division to review their budget requests.

To ensure that the budget is funded adequately and to maintain the Authority's strong financial condition, the Financial Management team prepares an airline revenue budget that incorporates budget expenditure requests into the rate setting formula to determine projected rates, fees and charges to the airlines and non-airline revenue budget in consultation with the Business Management, Ground Transportation and Air Service Development departments.

In April–June, proposed operational and capital program budgets are distributed to the Board and a budget workshop is held to review the materials for input and guidance. The Board adopts the budget as a whole, and it may be amended as required, with Board approval, at any time during the year.

On June 1, 2017, the Board adopted the budget for Fiscal Year 2018 and approved, in concept, the budget for Fiscal Year 2019. The conceptual budget for Fiscal Year 2019 approved by the Board will be brought back to the Board in 2018 for review, any needed revisions and final adoption.

In 2016 the Authority received its 12th consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada ("GFOA") for its annual budget for Fiscal Year 2017. The Authority also has submitted its Fiscal Year 2018 Budget to GFOA for consideration of this award.

Fiscal Year 2018 Budget. Budgeted operating and non-operating revenues for Fiscal Year 2018 are $373.4 million, an increase of $28.4 million (or 8.2%) over Fiscal Year 2017 budgeted operating and non-operating revenues. This increase can be primarily attributed to an increase in capital grant contributions, building rentals, collection of security costs, certain concession revenues, ground transportation revenues and CFCs. Budgeted expenses for Fiscal Year 2018 are projected to increase $31.6 million, or 12.0%, over Fiscal Year 2017 budgeted expenses (which were $263.6 million). This increase is primarily attributable to increases in debt service costs, personnel costs, parking and shuttle operating costs, and Harbor Police costs. The Fiscal Year 2018 budget assumes 10.70 million enplaned passengers, versus 10.61 million enplaned passengers in the Fiscal Year 2017 budget (a 0.8% increase).

Conceptual Fiscal Year 2019 Budget. Budgeted operating and non-operating revenues for Fiscal Year 2019 are $399.3 million, an increase of $25.9 million (or 6.9%) over Fiscal Year 2018 budgeted operating and non-operating revenues. This increase can be primarily attributed to an increase in building rentals, security surcharges, concession revenues, parking revenues, ground transportation revenues and capital grant contributions. Budgeted expenses for Fiscal Year 2019 are projected to increase $12.0 million, or 4.1%, over Fiscal Year 2018 budgeted expenses (which are $295.2 million). This increase is primarily attributable to increases in debt service costs, non-personnel operating expenses, and personnel costs. The Fiscal Year 2019 budget assumes 10.89 million enplaned passengers, versus 10.70 million enplaned passengers in the Fiscal Year 2018 budget (a 1.8% increase).

Internal Controls. The Authority's Vice President, Finance/CFO and Treasurer establishes a system of internal controls that provides 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; and promoting effectiveness and efficiency of operations. A Chief Auditor heads the internal audit department that conducts financial reviews and audits on a periodic basis, and reports directly to the Board. In addition, the Authority has external auditors who review the annual financial statements of the Authority and express an opinion that the contents present fairly, in all material respects, the financial condition of the Authority.

Investment Practices. 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. The Authority is authorized by California Government Code Section 53600 *et seq*. and Section 53630 *et seq*. to invest in investments listed therein. Prohibited investments include but are not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages and common stock. The Authority may not invest any funds in any security that could result in zero interest accrual and zero discount accretion if held to maturity. Investments that exceed five years to maturity require authorization by the Board at least 30 days prior to purchase.

The following table sets forth a summary of the Authority's investments as of March 31, 2017:

TABLE 12
San Diego County Regional Airport Authority
Investments
(As of March 31, 2017)

Security Type	Market Value as of March 31, 2017	Percentage of Portfolio
U.S. Agency Securities	$104,421,000	22.5%
U.S. Treasuries	85,328,000	18.4
San Diego County Investment Pool	54,400,000	11.7
Local Area Investment Fund (LAIF)	48,020,000	10.3
Negotiable Certificates of Deposit	43,606,000	9.4
Collateralized Bank Demand Deposits	40,686,000	8.8
Medium Term Notes	39,559,000	8.5
Certificates of Deposit	15,387,000	3.3
Cal Trust	15,257,000	3.3
Commercial Paper	14,476,000	3.1
Supra Nationals	2,970,000	0.6
Money Market Fund	352,000	0.1
Total	$464,462,000	100.0%

Source: San Diego County Regional Airport Authority June 30, 2012 Investment Report.

Derivatives Policy. In September 2007, the Board adopted a derivatives policy which provides guidelines to be used by the Authority when entering into derivative financial products, including, but not limited to, interest rate swaps, interest rate caps and rate locks. As of the date of this Official Statement, the Authority has not entered into any contracts for derivative financial products.

Summary of Financial Results

Financial Results for Fiscal Years 2012 through 2016. The following table summarizes the financial results from operations for the Authority for Fiscal Years 2012 through 2016. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2016 AND 2015." BKD, LLP, the Authority's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included in Appendix B attached hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement.

TABLE 13
San Diego County Regional Airport Authority
Statements of Revenues, Expenses and Change in Net Position
(Dollars in Thousands)[1]

	2012[2]	2013	2014	2015	2016
Operating revenue:					
Aviation revenue					
Landing fees	$ 18,419	$ 19,658	$ 19,107	$ 21,390	$ 23,985
Aircraft parking fees	3,134	3,191	2,503	2,716	2,701
Building rentals	30,633	41,840	46,001	48,153	51,273
Security surcharge	18,649	23,360	25,777	25,180	29,223
Other aviation revenue	1,595	1,591	4,488	4,893	5,023
Concession revenue	40,427	42,041	47,770	52,496	56,274
Parking and ground transportation revenue	31,470	35,750	38,959	41,632	48,106
Ground rentals	8,044	9,162	9,603	13,074	16,226
Other operating revenue	1,179	905	1,529	971	1,183
Total operating revenue	153,550	177,498	195,737	210,505	233,994
Operating expenses:					
Salaries and benefits	37,237	38,092	39,135	39,212	42,067
Contractual services	26,906	29,284	31,559	32,422	38,215
Safety & security	22,625	23,994	24,151	23,466	28,721
Space rental	11,415	10,897	10,478	10,433	10,367
Utilities	6,674	6,659	8,680	10,152	11,480
Maintenance	8,497	11,204	13,982	14,516	14,122
Equipment and systems	403	469	643	1,805	708
Material and supplies	304	406	440	519	536
Insurance	764	795	988	1,145	949
Employee development & support	916	1,235	1,171	1,136	1,242
Business development	2,093	2,444	2,661	2,493	2,390
Equipment rental and repair	1,335	1,317	2,932	2,951	2,852
Total operating expenses before depreciation and amortization	119,169	126,796	136,821	140,250	153,651
Income from operations before depreciation and amortization	34,381	50,702	58,916	70,255	80,343
Depreciation and amortization	44,532	41,624	77,205	77,559	83,578
Operating (loss)	(10,151)	9,078	(18,289)	(7,304)	(3,235)
Non-operating revenues (expenses):					
Passenger facility charges	34,639	35,437	35,770	38,517	40,258
Customer facility charges	11,487	19,117	27,545	32,465	33,208
Quieter Home Program, net	(3,531)	(1,589)	(2,750)	(2,811)	(3,698)
Joint Studies Program	(73)	(55)	(152)	(145)	(101)
Interest income	5,492	4,140	5,211	5,747	5,999
Interest expense	(2,027)	(16,530)	(56,376)	(59,516)	(54,878)
"Build America Bond" rebate	4,996	4,779	4,636	4,631	4,656
Other revenues (expenses), net	(3,032)	(4,279)	434	1,367	2,247
Non-operating revenue, net	47,951	41,020	14,318	20,255	27,690
Income before capital grant contributions	37,800	50,098	(3,971)	12,951	24,456
Capital grant contributions	20,834	16,077	3,924	10,765	10,477
Change in net position	58,634	66,175	(47)	23,716	34,933
Net position, beginning of year	602,255	660,889	727,064	719,024 [3]	742,740
Net position, end of year	$660,889	$727,064	$727,018	$742,740	$777,673

[1] Totals may not add due to rounding.
Source: Derived from the audited financial statements of the Authority.

Management's Discussion of Fiscal Year 2016 Financial Results. Total operating revenue for Fiscal Year 2016 increased $23.4 million over Fiscal Year 2015. Aviation revenue for Fiscal Year 2016 increased $9.9 million over Fiscal Year 2015. The increase in total airline revenue was primarily due to an increased cost recovery for the airlines due to higher operating expenses. Landing fees increased by $2.6 million in Fiscal Year 2016 due to increased airfield costs. Building rentals increased by $3.1 million or 6.5% due to increased terminal costs. Security surcharges increased by $4.0 million or 16.1%, primarily due to increased Harbor Police expenses and higher terminal rental rate for security checkpoints. Non-airline terminal rent decreased by $473,000 or 31.4%, primarily due to consolidation of ground servicing companies. Concession revenue increased by $3.8 million reflecting increased enplanements and higher per-enplanement sales. Parking and ground transportation increased by $6.5 million or 15.5%, due to higher enplanements and higher recovery on ground transportation costs. Ground rentals increased in Fiscal Year 2016 by $3.6 million primarily due to the Rental Car Center land lease starting January 2016. Other operating revenue increased by $212,000 due to higher landing fees at the Fixed Base Operator, higher utility reimbursements, and higher fees for miscellaneous services.

Operating expenses, before depreciation and amortization expense, for Fiscal Year 2016 increased by $13.4 million, or 8.9%, from $217.8 million to $237.2 million when compared to Fiscal Year 2015. Contributing to this increase were the following: salaries and benefits increased $2.9 million or 7.3%, mostly due to planned wage and benefit increases; contractual services increased by $5.8 million or 17.9%, as a result of additional busing costs for the Rental Car Center that opened in January 2016; safety and security increased $5.3 million or 22.4%, reflecting an increase in law enforcement training and benefit costs; and utilities increased $1.3 million or 13.1%, due to higher rates and increased power usage at the Rental Car Center. Offsetting these increases were the following decreases: maintenance of $394,000 due to lower major maintenance costs; equipment and systems of $1.1 million due to decreased IT equipment purchases; insurance of $195,000 primarily due to lower property insurance rates; business development of $103,000 due to a delay in planned advertising; equipment rentals and repairs of $99,000 due primarily to lower IT maintenance contracts and lower printer costs.

Depreciation and amortization increased by $6.0 million as the Rental Car Center was brought into service. Non-operating revenue (net) increased by $7.4 million or 36.7% in Fiscal Year 2016. This was primarily due to the higher PFC revenues of $1.7 million or 4.35%, due to increased enplaned passengers. Additionally, CFC revenues increased $743,000 due to increased rental car transactions. Offsetting these increases was other non-operating income (expenses) net by $879,000 or 64.3%, mainly due to unrealized gains on investments. The Quieter Home Program net expenses increased by $887,000 or 31.6%, due to increased program activity in Fiscal Year 2016. Net interest expense decreased by $4.7 million or 8.5%, mainly due to higher capitalized interest.

Management's Discussion of Financial Results for First Nine Months of Fiscal Year 2017. For the nine months ended March 31, 2017, total operating revenues were $185.2 million which was 3% higher than budget and $10.1 million (8%) higher than the equivalent period for Fiscal Year 2016. The increase over the previous Fiscal Year is due to stronger performance of concession revenue of $4.8 million due to higher sales per enplanement and increased enplanements. Aviation revenue was $4.3 million greater than the prior Fiscal Year mainly due to the recovery of increased security costs.

For the nine months ended March 31, 2017, total operating expenses were $118.8 million which was 4% under budget and $7.5 million (6%) higher than the equivalent period from Fiscal Year 2016. The increase over the prior period was mainly due to higher costs associated with a full nine months operation of the Rental Car Center compared to less than three months operation in the equivalent period from Fiscal Year 2016. Harbor Police costs and terminal maintenance expenses were also higher in Fiscal Year 2017.

Non-operating revenues were $19.4 million for the nine months ended March 31, 2017, compared to $28.8 million for the nine months ended March 31, 2016. This decrease was primarily due to a decrease in FAA grant revenues of $9.4 million. The nine months ended March 30, 2016 coincided with large portions of the Northside Utilities and Northside Taxiway construction projects that received FAA grants.

Revenue Diversity

The following table sets forth the top ten operating revenue providers at SDIA for Fiscal Year 2016.

TABLE 14
San Diego County Regional Airport Authority
Top Ten Operating Revenue Providers
(Fiscal Year 2016)

	Revenue Provider	Revenues	Percent of Total Operating Revenue
1.	Southwest Airlines	$33,838,686	14.5%
2.	American Airlines	15,321,505	6.5
3.	United Airlines	14,518,119	6.2
4.	Delta Air Lines	14,418,056	6.2
5.	Alaska Airlines	10,612,367	4.5
6.	Enterprise Holdings	9,451,127	4.0
7.	Hertz Global Holdings	8,225,179	3.5
8.	Avis Budget Rent-A-Car Group	5,540,949	2.4
9.	Landmark Aviation	5,536,511	2.4
10.	SSP America	4,476,873	1.9

Source: San Diego County Regional Airport Authority

The following table sets forth the top ten revenue sources at SDIA for Fiscal Year 2016.

TABLE 15
San Diego County Regional Airport Authority
Top Ten Operating Revenue Sources
(Fiscal Year 2016)

	Source	Revenue	Percent of Total Operating Revenue
1.	Terminal Rent-Airlines	$53,536,280	22.9%
2.	Parking	42,872,849	18.3
3.	Security Surcharge	29,223,097	12.5
4.	Car Rental License Fees[1]	27,025,167	11.5
5.	Terminal Concessions	24,017,969	10.3
6.	Landing Fees	23,984,793	10.3
7.	Ground Rent	15,193,757	6.5
8.	Ground Transportation Permits	4,974,144	2.1
9.	Ground Handling Services	2,766,945	1.2
10.	Aircraft Parking Fees	2,701,219	1.2

[1] Excludes CFC revenues, of which the Authority recorded the receipt of $33,207,946 in Fiscal Year 2016.

Source: San Diego County Regional Airport Authority

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Historical Debt Service Coverage

The following table shows historical senior and subordinate debt service coverage for Fiscal Years 2012 through 2016.

TABLE 16
San Diego County Regional Airport Authority
Historical Senior and Subordinate Debt Service Coverage

	2012	2013	2014	2015	2016
Net Revenues					
Revenues[1]	$158,311,779	$181,051,929	$199,834,430	$214,770,544	$238,640,326
Operating and Maintenance Expenses	(118,941,148)	(126,662,546)	(136,604,105)	(142,781,639)	(151,327,219)
Net Revenues Available for Debt Service	$39,370,631	$54,389,383	$63,230,326	$71,988,905	$87,313,106
Senior Debt Service[2 3]					
Senior Bonds					
Principal	$3,430,000	$ –	$ –	$ 2,030,000	$ 2,090,000
Interest	1,925,975	2,478,489	16,645,435	18,034,575	18,414,600
Less: PFCs Applied to Senior Debt Service	–	(714,077)	(7,140,301)	(8,669,966	(9,490,326)
Total Senior Debt Service	$5,355,975	$1,764,412	$9,505,134	$11,394,609	$11,014,274
Senior Debt Service Coverage	7.35x	30.83x	6.65x	6.32x	7.93x
Subordinate Debt Service[4]					
Subordinate Net Revenues Available for Debt Service	$34,014,656	$52,624,971	$53,725,192	$60,594,296	$76,298,832
Subordinate Series 2010 Bonds					
Principal	$ 980,000	$ 1,000,000	$ 5,785,000	$ 8,665,000	$ 9,000,000
Interest[5]	6,599,760	26,194,616	27,069,283	26,853,179	26,495,600
Short-Term Subordinate Obligations[6]	1,077,867	5,519,872	6,446,951	6,736,945	6,760,189
Less: PFCs Applied to Subordinate Debt Service	–	(20,061,962)	(20,718,863)	(21,554,245)	(20,331,674)
Total Subordinate Debt Service	$8,657,627	$12,652,526	$18,582,372	$20,700,879	$21,924,115
Subordinate Debt Service Coverage	3.93x	4.16x	2.89x	2.93x	3.48x
Aggregate Senior and Subordinate Debt Service					
Net Revenues Available for Debt Service	$39,370,631	$54,389,383	$63,230,326	$71,988,905	$87,313,106
Aggregate Debt Service (Bonds)					
Principal[7]	$4,410,000	1,000,000	5,785,000	10,695,000	11,090,000
Interest[5,7]	8,525,735	28,673,105	43,714,718	44,887,754	44,910,200
Short-Term Subordinate Obligations[6]	1,077,867	5,519,872	6,446,951	6,736,945	6,760,189
Less: PFCs Applied to Senior and Subordinate Debt Service	–	(20,776,039)	(27,859,164)	(30,224,211)	(29,822,000)
Total Aggregate Debt Service	$14,013,602	$14,416,938	$28,087,505	$32,095,488	$32,938,389
Aggregate Debt Service Coverage	2.81x	3.77x	2.25x	2.24x	2.65x

[1] Does not include grants which are otherwise included in the definition of Revenues. Grants which are not otherwise restricted by their terms to the payment of debt service on Senior Bonds and/or Subordinate Obligations are included in the definition of Revenues.
[2] Senior Debt Service is calculated pursuant to the provisions of the Master Senior Indenture.
[3] Includes principal of and interest paid on the Authority's Airport Revenue Refunding Bonds, Series 2005 (the "Senior Series 2005 Bonds"), which were fully defeased on December 21, 2012, and the Senior Series 2013 Bonds.
[4] Subordinate Debt Service is calculated pursuant to the provisions of the Master Subordinate Indenture.
[5] Net of interest paid with proceeds of the Subordinate Series 2010 Bonds and Federal Direct Payments received by the Authority with respect to the Subordinate Series 2010C Bonds.
[6] Includes principal of and interest on the Authority's previous commercial paper program and the fees paid to the commercial paper letter of credit bank, and the Subordinate Revolving Obligations.
[7] Includes principal of and interest on the Senior Series 2005 Bonds (which were fully defeased on December 21, 2012), the Senior Series 2013 Bonds and the Subordinate Series 2010 Bonds.

Source: San Diego County Regional Airport Authority

Historical Airline Cost Per Enplaned Passenger

The following table sets forth historical airline costs (landing fees, terminal building rentals, airport police/security reimbursement fees and fuel and other franchise fees) of operating at SDIA for the past five Fiscal Years.

TABLE 17
San Diego International Airport
Airline Derived Revenue Per Passenger

Airline Revenues	2012	2013	2014	2015	2016
Landing Fees[1]	$18,947,013	$20,186,247	$19,442,312	$21,616,219	$24,073,489
Aircraft Parking Fees[2]	3,134,539	3,190,928	2,503,181	2,715,854	2,701,219
Terminal Rentals[1,3]	30,346,360	41,582,243	46,091,817	48,227,864	51,389,765
FIS Use Charges	354,601	424,433	745,116	710,178	735,034
Security Surcharge	18,649,147	23,359,938	25,776,517	25,179,679	29,223,097
Common Use Charges	–	–	1,133,839	1,254,818	1,152,458
Total Airline Revenue	$71,431,660	$88,743,789	$95,692,782	$99,704,612	$109,275,061
Enplaned Passengers	8,575,475	8,737,617	9,082,244	9,713,066	10,206,222
Airline Derived Revenue Per Passenger	$8.33	$10.16	$10.54	$10.26	$10.71

[1] Excludes rebates.
[2] Amount excludes general aviation remote overnight parking.
[3] Excludes Executive Lounge rent and rebates in the amount of approximately $1.4 million in Fiscal Year 2016.
Source: San Diego County Regional Airport Authority

Pension and Retirement Plans

Authority Pension Plan. All full-time employees of the Authority are eligible to participate in the Authority's defined-benefit pension plan, the Amended and Restated San Diego County Regional Airport Authority Retirement Plan and Trust of 2013 (the "Authority Pension Plan"), which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Authority Pension Plan is administered by the San Diego City Employees' Retirement System ("SDCERS"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the City, the Port District and the Authority, and is administered by the Retirement Board of Administration (the "Retirement Board"). Each of the Authority, the City and the Port District has a separate plan and each employer's contributions are held in trust, although all contributions to SDCERS are pooled for investment purposes, managed and invested by the Retirement Board. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015—Note 6. Defined-Benefit Plan" for more information on the Authority's Pension Plan.

The City Municipal Code requires member contributions to be actuarially determined to provide a specific level of benefit. Member contribution rates, as a percentage of salary, vary according to age at entry, benefit tier level, and certain negotiated contracts which provide for the Authority to pay a portion of the employees' contributions. The Authority's contribution rate as determined through actuarial valuation was 12.74% for Fiscal Year 2017 and was 12.94% for Fiscal Year 2016 and is expressed as a percentage of covered payroll. For Fiscal Year 2017, the Authority contributed approximately $5.8 million to the Authority Pension Fund, and for Fiscal Year 2016, the Authority contributed approximately

$5.8 million to the Authority Pension Fund. For Fiscal Year 2018, the Authority has budgeted a contribution of approximately $8.1 million to the Authority Pension Fund. The Authority has always made its full required contributions to the Authority Pension Plan. The Authority cannot predict the levels of funding that will be required in the future.

The following table sets forth certain information about the funding status of the Authority Pension Plan that has been extracted from the comprehensive annual financial reports of SDCERS for the fiscal years ended June 30, 2012 through, and including, 2016 (collectively, the "SDCERS CAFRs (2012-2016)"), and the actuarial valuation reports provided to SDCERS by Cherion, Inc. for the fiscal years ended June 30, 2012 through, and including, 2016 (collectively, the "Actuarial Reports (2012-2016)"). Complete copies of the SDCERS CAFRs (2012-2016) and the Actuarial Reports (2012-2016) can be obtained from SDCERS by writing to the San Diego City Employees' Retirement System, Suite 400, 401 West A Street, San Diego, California 92101 and from the SDCERS website at www.sdcers.org. No information contained on such website is incorporated into this Official Statement.

TABLE 18
Funding Status of Authority Pension Plan
(Dollars in thousands)

Fiscal Year Ended June 30	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Accrued Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
2012[2]	$ 95,792,613	$91,997,000	$97,224,854	$ 1,432,241	98.5%	$ 5,227,854	94.6%	$24,839,570	5.8%
2013[3]	107,616,363	108,456,000	115,200,048	7,583,685	93.4	6,744,048	94.1	26,380,323	28.7
2014[4]	121,917,826	130,228,000	127,174,087	5,256,261	95.9	(3,053,913)	102.4	27,955,455	18.8
2015[5]	135,858,959	138,544,185	139,786,634	3,927,675	97.2	1,242,448	99.1	29,189,357	13.5
2016[6]	148,084,058	143,873,239	165,666,873	17,582,816 [7]	89.4	21,793,635	86.8	31,131,795	56.5

[1] In June 2010, the Board adopted a resolution directing the Authority to maintain the Authority Pension Plan funding ratio at a minimum of 90%, with a corresponding strategy to incrementally improve the funding ratio to a 95% target/goal. If the funding ratio falls below 90%, additional contributions are required to be made by the Authority to the Authority Pension Plan in amounts sufficient to increase the funding ratio by at least 1% each Fiscal Year until the 90% funding ratio is reached.
[2] For the June 30, 2012 valuation, the Authority Pension Plan's assets were assumed to earn 7.50% (net of expenses) per annum. The June 30, 2012 valuation also assumed that salaries will increase 3.75% per annum.
[3] For the June 30, 2013 valuation, the Authority Pension Plan's assets were assumed to earn 7.25% (net of expenses) per annum. The June 30, 2013 valuation also assumed that salaries will increase 3.30% per annum.
[4] For the June 30, 2014 valuation, the Authority Pension Plan's assets were assumed to earn 7.25% (net of expenses) per annum. The June 30, 2014 valuation also assumed that salaries will increase 3.30% per annum.
[5] For the June 30, 2015 valuation, the Authority Pension Plan's assets were assumed to earn 7.125% (net of expenses) per annum. The June 30, 2015 valuation also assumed that salaries will increase 3.175% per annum.
[6] For the June 30, 2016 valuation, the Authority Pension Plan's assets were assumed to earn 7.00% (net of expenses) per annum. The June 30, 2016 valuation also assumed that salaries will increase 3.05% per annum.
[7] The significant increase in the unfunded actuarial accrued liability for the fiscal year ended June 30, 2016 is attributable to changes in demographic and economic assumptions (i.e., investment rate of return), with the largest increase coming from changes in the mortality assumptions.
Source: SDCERS CAFRs (2012-2016) and Actuarial Reports (2012-2016); and San Diego County Regional Airport Authority.

Postemployment Health Benefits. In addition to the pension benefits provided under the Authority Pension Plan, the Authority provides medical, dental, vision and life insurance postretirement benefits ("Postemployment Health Benefits") for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service. In May 2009, the Board approved an agreement with the California Employers' Retiree Benefit Trust ("CERBT") fund, which is managed by the California Public Employees Retirement System ("CalPERS"), to administer the Authority's Postemployment Health Benefits. See "Note 8. Other Postemployment Benefits" in the Authority's financial statements for the year ended June 30, 2016 attached hereto as "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO

COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015" for more information on the Authority's Postemployment Health Benefits.

For Fiscal Year 2017, the Authority paid approximately $2.0 million for Postemployment Health Benefits. For Fiscal Year 2018, the Authority has budgeted approximately $2.0 million to be paid for Postemployment Health Benefits.

The following table sets forth certain information about the funding status of the Authority's Postemployment Health Benefits derived from the biennial actuarial valuations for the plan, dated July 1, 2013 and 2015. See also "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015—Note 8. Other Postemployment Benefits."

TABLE 19
Funding Status of Authority's Postemployment Health Benefits
(Dollars in thousands)

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate	Salary Scale
2013	$12,667	$31,553	$18,886	40.1%	$17,567	107.5%	7.4%	3.0%
2015	18,917	34,587	15,670	54.7	16,809	93.2	7.3	3.0

Source: Financial Statements of the Authority for the Fiscal Years ended June 30, 2016 and 2014.

The plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover and the like, which are assumed to hold for many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true plan costs.

Nonunion employees hired after May 1, 2006 and union employees hired after October 1, 2008 are not eligible to receive the Postemployment Health Benefits described above, but they are eligible to participate in a voluntary employee beneficiary association plan ("VEBA"). Currently, 236 employees of the Authority participate in VEBA. The Authority contributes approximately $600 per year to VEBA for each employee that participates, and each participating employee must contribute $300 per year. Upon their retirement, participants in VEBA may use the amounts deposited to VEBA by the Authority and the participant to pay for medical expenses.

Risk Management and Insurance

Pursuant to the Senior Indenture and the Subordinate Indenture the Authority is required to procure and maintain commercial insurance with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance if such insurance is obtainable at reasonable rates and upon reasonable terms and conditions. The amounts and risks required to be insured under the Senior Indenture and the Subordinate Indenture are subject to the Authority's prudent judgment taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports. The Authority may satisfy some of these insurance requirements through qualified self-insurance or self-insured retentions.

The Authority maintains airport owners and operators primary general liability insurance with coverage of $500 million for losses arising out of liability for airport operations. The Authority has also purchased a “War, Hijacking and Other Perils Endorsement” with coverage of up to $150 million. Coverage under this endorsement may be terminated at any time by the underwriters and terminates automatically upon the outbreak of war (whether there has been a declaration of war or not) between any two or more of the following: France, the People’s Republic of China, the Russian Federation, the United Kingdom or the United States, and certain provisions of the endorsement are terminated upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

The cost of earthquake coverage for the Airport remains cost prohibitive and is not available in significant amounts. Effective July 1, 2007, the Authority removed the purchase of commercial earthquake insurance from its Risk Management program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency (“FEMA”) and the California Disaster Assistance Act (“CDDA”). As of April 30, 2017, the Authority had designated $9,412,300 from its net position as an insurance contingency, which could be used in the event of damage to the Airport from an earthquake, among other things. In the future, the Authority could decide to increase or decrease the amount of this reserve.

Additionally, a $2 million contingency reserve has been established, within unrestricted net position, by the Authority’s management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no other requirement that it be maintained. Management considers this contingency reserve to be designated to cover the cost of future retentions, deductibles and uninsured claims.

The Authority maintains a property insurance policy with limits of $1.5 billion providing all risk and flood coverage on physical assets. During Fiscal Year 2017, there were no significant reductions in insurance coverage from the prior year. For each of the past three Fiscal Years, settlements have not exceeded insurance coverage.

The Authority has an active loss prevention program, staffed by a senior manager of risk, a full-time construction and insurance risk manager, a risk analyst, a risk coordinator, a safety manager and a two safety analysts. In addition, insurer property and casualty loss control engineers conduct safety surveys on a periodic basis. Employees receive regular safety training and claims are monitored using a web-based claims information system.

DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT

Master Plan

In 2001, the Port District prepared the Airport’s first comprehensive master plan, however, the plan was never adopted by the Port District. The Authority determined that the 2001 master plan needed to be updated as a result of the events of September 11, 2001, the transfer of the Airport to the Authority in 2003, a new aviation activity forecast of future aviation demand at the Airport completed in May 2004, and the outcome of the Airport Site Selection Program which culminated in a County-wide ballot measure in November 2006. In May 2008, the Board approved the Airport Master Plan for San Diego International Airport (the “Master Plan”), which was developed to address requirements for accommodating near term passenger growth at the Airport through 2015 and to consider conceptual improvements through 2030. The Master Plan’s primary goals include, among others, the improvement of air service and customer service, the improvement of safety and security at the Airport, the efficient utilization of property and facilities, and the enhancement of the Airport access as part of the region’s transportation system.

The Master Plan comprises four components: airfield, terminal, ground transportation and airport support. The airfield component includes aircraft movement areas such as runway, taxiways and aircraft parking apron. The terminal component includes passenger processing areas including ticket counters, security facilities, hold rooms and baggage claim. The ground transportation component includes the roadway/transit circulation system, parking areas and rental car facilities. The airport support component includes the Airport/airline maintenance, cargo and general aviation facilities.

The five primary steps of the Master Plan process are: (a) preparation of an aviation forecast; (b) development of facility requirements and draft preliminary concepts; (c) preparation of the preferred development concept (including development of an array of concepts for the Airport facilities, coordination of the Airport tenants and airlines, development of an off-airport transit plan); (d) preparation of a preliminary financial analysis, including development of a cost estimate on preliminary concepts and the financial feasibility of major project components; and (e) State/federal environmental analyses and State coastal permitting.

The Master Plan identified several near-term improvement needs for SDIA, including, among others, additional terminal space, south-side aircraft remain overnight parking positions, roadway access improvements and ground transportation facilities improvements to meet the forecasted demand of increased passenger traffic at SDIA. The Authority developed its Green Build Program to implement the near-term improvements at SDIA. The Green Build Program, which was substantially completed in August 2013 for approximately $811 million, consisted of, among other improvements: (i) constructing 10 new gates on Terminal 2 West, (ii) constructing a new aircraft parking apron and aircraft taxi lane, (iii) expanding vehicle circulation serving Terminal 2 East and West by constructing a dual-level roadway featuring an arrivals curb on level one and a departures curb on level two, (iv) expanding concession areas in Terminal 2 West by providing more dining and shopping options, (v) constructing an improved/expanded security checkpoint in Terminal 2 West, and (vi) constructing new holding areas at the gates in Terminal 2 West.

In addition to the Green Build Program, the Authority's planning and development of the northside of the Airport was part of the Master Plan near-term improvements. The northside improvements included the Rental Car Center and the new general aviation facilities.

See "AIRPORT ENVIRONMENTAL MATTERS—Master Plan Environmental Impact Report and Environmental Assessment" for a discussion of the environmental impact report certified by the Board with respect to the Master Plan.

Airport Development Plan

In 2012, the Authority embarked on the next master-planning effort for the Airport once the Green Build Program was completed. This plan, known as the "Airport Development Plan" (the "ADP"), focuses on replacement of Terminal 1, which is over 50 years old, and the creation of new non-airline revenue opportunities. It also will determine the highest and best uses for the remaining available property on the northside of the Airport and the TDY Property (an approximately 47 acre parcel of land located on North Harbor Drive that the Authority leases from the Port District).

In November 2015, the Board selected a preferred alternative concept and directed Authority staff to continue the ADP process by refining the program design and financial feasibility plan, performing the environmental analysis, and developing a regionally-accepted Airport Access Road concept. A refined concept was presented to and approved by the Board in March 2017. In addition to the replacement of Terminal 1, the refined concept includes:

- The potential for non-airline revenue producing commercial development
- A more efficient flight line and elimination of taxiway alleyways
- A simplified roadway layout
- Additional Remain Overnight aircraft parking spots

In May 2017, the Authority adopted strategic initiatives that prioritize the advancement of the ADP and the development of a construction-ready plan by 2019 for replacement of Terminal 1. At this time, the Authority is evaluating, and therefore is unable to predict, when construction will begin on the projects included in the ADP, the cost of such projects or how such projects will be financed.

Capital Program

In addition to the Master Plan, the Board has adopted a capital improvements program policy (the "CIP Policy"), which requires the Authority to establish a capital improvement program for the orderly maintenance and development of SDIA. Pursuant to the CIP Policy, each year the Authority's Executive Director is required to submit to the Board a development program of desirable capital improvements that are within the Authority's financial funding capability. The Authority's current 5-year capital improvement program, the Capital Program, sets forth projects that are to be completed at SDIA between Fiscal Years 2018 and 2022. The projects in the Capital Program include, among others, the Terminal 2 West Parking Plaza (consisting of a 3-story, 2,900 parking space, public parking structure located across from Terminal 2), the new FIS facility in Terminal 2 West, and various other airfield, terminal and landside projects. The Capital Program has an estimated cost of approximately $1.2 billion (in actual dollars) (approximately $175.2 million of such costs have already been incurred by the Authority as of June 30, 2017). See Section 1.3 of the Financial Feasibility Report in Appendix A for additional information about the Capital Program, including, among other things, information about the projects included in the Capital Program and the estimated costs of those projects.

Funding Sources for Capital Program

General. The Authority anticipates financing the Capital Program with a combination of proceeds of the Subordinate Series 2017 Bonds (approximately $321 million); proceeds of Additional Senior Bonds to be issued in 2018 (approximately $353 million); internally generated cash of the Authority (approximately $310 million); PFC revenues on a pay-as-you-go basis (approximately $88 million); federal Airport Improvement Program ("AIP") grants (approximately $54 million); proceeds of the Senior Series 2013 Bonds and the Subordinate Series 2010 Bonds (approximately $[12] million); and other sources (approximately $[69] million).

TABLE 20
San Diego International Airport
Funding Sources for Capital Program

	Estimated Project Costs[1]	Subordinate Series 2017 Bonds	Additional Senior Bonds	Authority Funds	Pay-As-You-Go PFCs	AIP Grants	Senior Series 2013 Bond, Subordinate Series 2010 Bonds and Other Sources
Airside	$437,737,275	$ 32,027,640	$230,371,764	$ 83,722,243	$35,697,478	$51,200,000	$ 4,718,150
Landside	303,153,227	130,000,000	59,529,155	40,437,719	–	–	73,186,353
Ancillary	248,095,461	149,000,000	18,138,230	40,957,231	40,000,000	–	–
Terminal	167,110,335	10,000,000	11,866,875	126,808,944	12,751,495	3,000,000	2,683,021
Administrative	51,757,634	–	33,328,350	18,429,284	–	–	–
Total	$1,207,853,932	$321,027,640	$353,234,374	$310,355,421	$88,448,973	$54,200,000	$80,587,524

[1] Estimated costs include design, engineering, construction, escalation and contingency amounts.
Source: San Diego County Regional Airport Authority

Subordinate Series 2017 Bonds and Additional Senior Bonds. The Authority will use approximately $321 million of the proceeds of the Subordinate Series 2017 Bonds and approximately $353 million of the proceeds of Additional Senior Bonds to finance a portion of the costs of the Capital Program). As of the date of this Official Statement, the Authority expects to issue the Additional Senior Bonds in late-2018.

Passenger Facility Charges. The Aviation Safety and Capacity Expansion Act of 1990, as amended (the "PFC Act"), as implemented by the FAA pursuant to published regulations (the "PFC Regulations"), permits public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a $1.00, $2.00 or $3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of $4.50. Regardless of the number of PFC applications which have been approved by the FAA, an airport can only collect a maximum of $4.50 on each enplaning passenger. Public agencies wishing to impose and use these PFCs must apply to the FAA for such authority and satisfy the requirements of the PFC Act.

The purpose of the PFC is to develop an additional capital funding source to provide for the expansion of the national airport system. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers.

The Port District initially received approval from the FAA to impose a $3.00 PFC at SDIA. The approval for the PFC was transferred by the FAA to the Authority, effective January 1, 2003. On May 20, 2003, the FAA approved the Authority's PFC application to increase the charge per enplaned passenger from $3.00 to $4.50 beginning August 1, 2003. The Authority has received approval from the FAA, pursuant to ten separate applications (five of which were later amended by the Authority, with the approval of the FAA), to collect, and use, a PFC on each enplaning passenger at SDIA totaling approximately $1.549 billion. The Authority has closed seven of the PFC Applications; these applications having been fully funded and the projects they financed having been completed. As of March 31, 2017, there were three active PFC Applications. The Authority also is in the process of filing a new application with the FAA to collect approximately $50 million of additional PFCs.

As of March 31, 2017, the Authority had recorded the receipt of approximately $652 million of PFCs (consisting of $639 million of PFCs collections and $13 million of interest). As of March 31, 2017, the Authority had disbursed a total of $582 million of PFCs on approved capital projects expenditures.

The following table sets forth a summary of the Authority's approved PFC applications through March 31, 2017.

TABLE 21
San Diego County Regional Airport Authority
Approved PFC Applications

PFC Applications	Approval Date	Amended Approval Amount[1,2]
1-5, 7 and 11[3,4]	Various	$ 359,095,656
8	2010	1,118,567,229
10 [5]	2012	27,835,280
12	2016	43,795,768
Total		$1,549,293,933

[1] Includes the amount of PFCs the FAA has authorized the Authority to collect and use at SDIA.
[2] Authorization to collect PFCs under all of the applications and amendments expires on November 1, 2039, however, such authorization to collect PFCs could expire earlier if the total authorized amount is collected prior to November 1, 2039.
[3] The Authority withdrew PFC Application #6.
[4] The Authority has closed PFC Applications 1-5, 7 and 11; these applications having been fully funded and the projects they financed having been completed
[5] PFC Application #9 was skipped due to internal FAA system processing.
Source: San Diego County Regional Airport Authority

The PFCs collected pursuant to the PFC Applications have been and will be used to finance all or a portion of certain capital improvements at SDIA including, among other things, the Authority's noise mitigation program, and projects associated with the Green Build Program and the Capital Program. In addition to using the PFCs on a pay-as-you-go basis to fund projects associated with the Capital Program, the Authority expects to use a portion of the PFCs to pay a portion of the debt service on the PFC Eligible Bonds (which includes a portion of the Senior Series 2013 Bonds and a portion of the Subordinate Series 2010 Bonds). See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS—Use of PFCs to Pay Debt Service."

The following table sets forth the amount of PFCs received by the Authority in Fiscal Years 2012 through 2016.

TABLE 22
San Diego County Regional Airport Authority
Annual Receipt of PFCs[1]

Fiscal Year	PFCs Collected
2012	$34,639,244
2013	35,437,453
2014	35,769,515
2015	38,517,355
2016	40,257,993

[1] The information in this table is presented on an accrual basis. Does not include interest earnings.
Source: San Diego County Regional Airport Authority

Airport Improvement Program Grants. The Authority receives federal grants from the FAA each year. The Airport and Airway Improvement Act of 1982, as amended, created the Airport Improvement Program ("AIP"), which is administered by the FAA and funded by the Airport and Airway Trust Fund. Under the AIP, the FAA awards grant moneys to airports around the country for capital improvement projects. The Airport and Airway Trust Fund is financed by federal aviation user taxes. Grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based upon the number of enplaned passengers and the aggregate landed weight of all-cargo aircraft; and discretionary funds are available at the discretion of the FAA based upon a national priority system. Before federal approval of any AIP grants can be given, eligible airports must provide written assurances that they will comply with a variety of statutorily specified conditions. See "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of Federal Grants."

The Authority anticipates receiving both FAA entitlement and discretionary grants to fund a portion of the costs of certain capital projects in the Capital Program. In Fiscal Year 2016, the Authority received approximately $3.5 million in entitlement grants. The Authority did not receive any discretionary grants in Fiscal Year 2016.

As described above, the FAA has granted the Authority approval to collect PFCs at SDIA. In accordance with the PFC Act and the PFC Regulations, since the Authority imposes a $4.50 PFC, the amount of AIP entitlement grants which the Authority is permitted to receive annually may be reduced up to 75%.

The Authority's financial plan for funding the Capital Program assumes that AIP entitlement and discretionary grant funds will be available to fund the grant eligible portion of certain projects. In the event the Authority does not receive AIP grants in the amounts expected, it would need to use alternative sources of funding for such projects, including the issuance of Additional Senior Bonds and/or Additional Subordinate Obligations. See "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources."

Third-Party Financed Projects

In addition to projects financed by the Authority, certain projects at SDIA are expected to be financed and constructed by outside third-parties, including the North Cargo Facility. The Authority is currently in the process of selecting a developer to design, build, finance, operate and maintain the North Cargo Facility, consisting of new air cargo facilities and an aircraft ramp on the northside of the Airport The Authority completed a Request for Qualifications process in 2016 to seek qualified developers to design, build, finance, operate and maintain the North Cargo Facility. Three firms were identified as most qualified and selected to advance to a subsequent Request for Proposal ("RFP") process. The RFP process is currently underway, and the Authority expects to select one firm to complete the North Cargo Facility in late-summer 2017. Although the specific details of the project will not be known until completion of the RFP process, the North Cargo Facility is anticipated to include approximately 100,000 square feet of cargo processing facilities located on 14.5 acres of land. In addition to the cargo processing facility, approximately 20 acres of aircraft ramp will be constructed to accommodate aircraft utilizing the facility. The North Cargo Facility is anticipated to be completed in late 2018. As part of their response to the RFP, the proposers are asked to described their source of funding for the project. Such funding could consist of Special Facilities Obligations issued by the Authority. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Other Obligations—Special Facility Obligations." Any Special Facilities Obligations issued by the Authority to finance costs of the North Cargo Facility would not, in any way, be secured by, or payable from, Revenues.

Airport Land Use Commission

State law requires counties in which there is a commercial and/or a general aviation airport to have an airport land use commission. Pursuant to the Act, the Authority is vested with responsibility, among other things, to serve as the region's Airport Land Use Commission ("ALUC"). The purpose of the ALUC is to protect public health, safety and welfare by ensuring the orderly development of land in the vicinity of airports and the adoption of land use measures that minimize the public's exposure to excessive noise and safety hazards within areas around public airports, to the extent that these areas are not already devoted to incompatible uses. The ALUC prepares and adopts Airport Land Use Compatibility Plans ("ALUCPs") and reviews certain local agency land use actions and airport plans for consistency with the compatibility plans.

The ALUCP contains compatibility criteria and ALUC review procedures for identified Airport Influence Areas ("AIA") and addresses land use compatibility around airports in terms of noise, overflight, safety and airspace protection for each public-use and military airport in the County. The ALUCP is not a plan for airport development and does not require any changes to existing land uses. State law requires future land use near airports to be consistent with compatibility criteria included in an ALUCP. Land use actions including adoption or amendment of general plans, specific plans, zoning ordinances and building regulations affecting land within an AIA must be referred to the ALUC for review. Referral and review by the ALUC of other local actions, primarily individual development projects, is required in some instances, but voluntary in others.

In recent years the Authority has adopted ALUCPs for two Marine Corps airports (Camp Pendleton and Miramar) and five urban general aviation airports (Brown Field, Gillespie Field, McClellan-Palomar Airport, Montgomery Field and Oceanside Municipal Airport). The ALUCP for Camp Pendleton was adopted in June 2008, the ALUCP for Miramar was adopted in October 2008, and the ALUCP for Brown Field, Gillespie Field, McClellan-Palomar Airport, Montgomery Field and Oceanside Municipal Airport were all adopted in early 2010. The ALUCP for the Airport was adopted by the Board in April 2014.

FINANCIAL FEASIBILITY REPORT

General

The Authority has retained Unison Consulting, Inc., which is recognized as an expert in its field, to prepare a report in connection with the Subordinate Series 2017 Bonds. The Financial Feasibility Report is included as Appendix A hereto, with the Feasibility Consultant's consent. The information regarding the analyses and conclusions contained in the Financial Feasibility Report is included in the Official Statement in reliance upon the expertise of the Feasibility Consultant.

The financial forecasts in the Financial Feasibility Report are based on certain information and assumptions that were provided by, or reviewed and agreed to by, the Authority's management. In the opinion of the Feasibility Consultant, these assumptions provide a reasonable basis for the forecasts.

The Financial Feasibility Report should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Financial Feasibility Report will occur. As noted in the Financial Feasibility Report, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also "INTRODUCTION—Forward-Looking Statements," and "CERTAIN INVESTMENT CONSIDERATIONS—Financial Feasibility Report."

Projected Net Revenues and Debt Service Coverage

The following table sets forth the projected Net Revenues, debt service requirements for the Senior Bonds and the Subordinate Obligations and the coverage of such debt service requirements based upon the Net Revenues, as forecast by the Feasibility Consultant, for the Fiscal Years 2018 through 2023.

The debt service numbers in the following table exclude the debt service on the Senior Bonds and the Subordinate Obligations projected to be paid with PFCs and Federal Direct Payments (i.e. the BAB subsidy). For a discussion of the calculation of debt service on the Senior Bonds and the Subordinate Obligations paid with PFCs, see "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS—Use of PFCs to Pay Debt Service."

The forecasted financial information in the following table was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forecasted financial information, but, in the view of the Authority's management, was prepared on a reasonable basis, to reflect the best currently available estimates and judgments and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Authority. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the forecasted financial information.

Neither the Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted financial information.

The assumptions and estimates underlying the forecasted financial information are inherently uncertain and, though considered reasonable by the management of the Authority as of the date of this Official Statement, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forecasted financial information, including, among others, the risks and uncertainties described under "CERTAIN INVESTMENT CONSIDERATIONS" below. Accordingly, there can be no assurance that the forecasted results are indicative of the future performance of the Authority or SDIA or that actual results will not be materially higher or lower than those contained in the forecasted financial information. Inclusion of the forecasted financial information in this Official Statement should not be regarded as a representation by any person that the results contained in the forecasted financial information will be achieved.

TABLE 23
San Diego County Regional Airport Authority
Projected Debt Service Coverage

Fiscal Year	Net Revenues	Senior Debt Service Requirements[1]	Senior Debt Service Coverage	Subordinate Debt Service Requirements[2,3]	Total Debt Service Coverage[4]
2018	$ 96,283,760	$10,956,268	8.79x	$40,171,298	1.88x
2019	115,350,800	11,442,337	10.08	41,753,204	2.17
2020	144,243,975	39,756,709	3.63	42,889,469	1.75
2021	147,831,318	39,755,081	3.72	42,897,951	1.79
2022	153,549,793	39,748,884	3.86	42,911,680	1.86
2023	156,754,480	39,756,291	3.94	42,913,568	1.90

[1] Includes debt service on the Senior Series 2013 Bonds and the Additional Senior Bonds expected to be issued in 2018 (the "Senior Series 2018 Bonds"). For purposes of the table only, the Senior Series 2018 Bonds are assumed to be issued in the aggregate principal amount of $[410,000,000], bearing interest at a rate of [4.9]% per annum. The Senior Debt Service Requirement numbers exclude (a) the debt service on the Senior Series 2013 Bonds which the Authority expects to pay with PFCs, [and (b) the debt service on the Senior Series 2018 Bonds which the Authority expects to pay with [capitalized interest and PFCs].

[2] Includes debt service on the Subordinate Series 2017 Bonds, the Subordinate Series 2010 Bonds [and the Subordinate Revolving Obligations]. For purposes of the table only, the Subordinate Series 2017A Bonds are assumed to be issued in the aggregate principal amount of $[____], bearing interest at a rate of [___]% per annum, and the Subordinate Series 2017B Bonds are assumed to be issued in the aggregate principal amount of $[____], bearing interest at a rate of [___]% per annum. Additionally, for purposes of the table only, (i) $[15,849,000] aggregate principal amount of the tax-exempt Subordinate Revolving Obligations are assumed to amortize over a [__] year period at an interest rate of [___]%, and (ii) $[10,599,000] aggregate principal amount of the taxable Subordinate Revolving Obligations are assumed to amortize over a [__] year period at an interest rate of [___]%.

[3] The Subordinate Debt Service Requirement numbers exclude (a) the debt service on the Subordinate Series 2010 Bonds which the Authority expects to pay with PFCs and Federal Direct Payments (i.e. BAB subsidy), and (b) the debt service on the Subordinate Series 2017 Bonds which the Authority expects to pay with. capitalized interest.

[4] Calculated by dividing Net Revenues by the sum of Senior Debt Service Requirements and Subordinate Debt Service Requirements.

Source: Unison Consulting, Inc.

AIRPORT ENVIRONMENTAL MATTERS

There are several significant environmental matters which have direct and indirect impacts on the Authority and SDIA, some of which are described below. These include aircraft noise reduction, clean air requirements and hazardous substance cleanup. SDIA is heavily regulated, in part due to its proximity to San Diego Bay. The Authority holds numerous regulatory permits, including permits for storm water, hazardous materials, industrial waste, landfill remediation and wildlife.

Master Plan Environmental Impact Report and Environmental Assessment

All development at SDIA is subject to the requirements for environmental studies and appropriate clearances under the California Environmental Quality Act ("CEQA") and, where federal funding or other federal actions are involved, to the requirements of the National Environmental Protection Act ("NEPA").

An Environmental Impact Report under CEQA was prepared for the Master Plan (the "Master Plan EIR"). The Master Plan EIR was certified as complete by the Authority in May 2008. As required by statute, the Master Plan EIR was made available for public review prior to the adoption of the Master Plan. No legal challenge to the Master Plan EIR was filed, and the statutory time for making such a challenge has elapsed.

An Environmental Assessment for the Master Plan Near Term Improvements (the "Master Plan EA") under NEPA was prepared by the Authority in April 2009. The Master Plan EA was submitted to the FAA in connection with certain projects set forth in the Master Plan, including, among others, the Terminal 2 West Parking Plaza and the new FIS facility. The FAA issued a Finding of No Significant Impact on April 20, 2009. The Master Plan EA examined numerous environmental impact categories, including, among others, noise, air quality, water quality, historic, architectural and cultural resources, fish, wildlife and plants, and construction impacts and cumulative impacts. In the Master Plan EA, the Authority set forth its plans for mitigating any impacts on the environment that may arise in connection with the construction of the projects identified in the Master Plan EA. No legal challenge to the Master Plan EA was filed, and the statutory time for making such a challenge has elapsed.

In January 2017, the Authority began the process of preparing an Environmental Impact Report with respect to the ADP. The Authority expects to complete this process before the end of 2019.

Airport Noise

Airport Noise and Capacity Act of 1990. In 1990, Congress adopted the Airport Noise and Capacity Act of 1990 (the "ANCA"), which provided, among other things, for a phase-out of Stage 2 aircraft by December 31, 1999, and which also limited the scope of an airport operator's regulatory discretion for adopting new aircraft operational restrictions for noise purposes. The FAA subsequently adopted regulations implementing ANCA under Part 161 of the Federal Aviation Regulations ("Part 161"). From 1990 forward, airport proprietors considering the adoption of restrictions or prohibitions on the operation of Stage 2 and Stage 3 aircraft are required to conduct studies which detail the economic costs and benefits of proposed restrictions, as well as publish proposed restrictions and provide notice to potentially affected airlines and conduct any necessary environmental analysis, prior to enacting restrictions on the operation of Stage 2 or Stage 3 aircraft. Proposed restrictions on the operation of Stage 3 aircraft adopted after 1990 also require affirmative approval of the FAA under defined statutory criteria before they may legally be implemented. ANCA and Part 161 make the adoption of many traditional aircraft operating restrictions by local airport proprietors on the operation of Stage 3 aircraft infeasible without the concurrence of the FAA, the air carriers or other operators affected by the restrictions. Pursuant to Authority regulations, the Authority is required to prohibit the operation at SDIA of any air carrier commercial aircraft not complying with Stage 3 noise levels. Aircraft noise reduction is a significant federal and local issue which may require substantial capital investments by the airline industry from time to time to meet applicable standards.

Additionally there are direct restrictions on operations at SDIA, primarily relating to noise abatement. The Code of the Authority prohibits departures from SDIA between 11:30 p.m. and 6:30 a.m. (the "Curfew"). No airline may schedule or advertise for a departure between 11:15 p.m. and 6:15 a.m.

These restrictions are subject only to limited exceptions including emergency and mercy flights. Landings at SDIA are not prohibited during the Curfew.

California Noise Standards. SDIA operates under a variance pursuant to the California Noise Standards (CCR Title 21, Division 2.5, Subchapter 6). The California Noise Standards identify an exterior 65 decibel ("dB") Community Noise Equivalent Level ("CNEL") contour at an airport as the "Noise Impact Area." Within the Noise Impact Area, the airport proprietor is required to ensure that all land uses are compatible with the California Noise Standards, or the airport proprietor must secure variances from the California Department of Transportation, Division of Aeronautics ("Caltrans"), under the California Noise Standards until full compatibility is accomplished. Under California Noise Standards, residential land uses may be deemed compatible through land acquisition, sound insulation sufficient to achieve an interior noise level of 45 dB CNEL, or by obtaining an avigation easement for the incompatible land use. To obtain a variance, an airport must demonstrate to the State of California that it is making good faith efforts to achieve compliance with the state noise standards.

The Authority's current variance was effective May 5, 2012, and expired on May 4, 2015. The Authority applied for a new variance on April 9, 2015 and is awaiting Caltrans' response. The Authority continues to operate under the current variance. The granting of a variance requires the Authority to continue implementation of its residential sound attenuation program during the term of the variance, among other requirements.

Residential Sound Attenuation Program. In 1997, the Port District initiated a residential sound attenuation program (the "RSAP") with respect to eligible residences surrounding SDIA that are located within the approved 65 CNEL contour. In connection with the renewal of its noise variance in 2001, the Port District agreed to enhance its then current RSAP. The Authority's current residential sound insulation program (the "RSIP" or the "Quieter Home Program") is an ongoing program that provides acoustical insulation to all eligible single- and multi-family dwellings located in SDIA's noise impact area. The Authority mainly uses AIP grant revenues to pay for the RSIP. To date, the RSIP has sound-attenuated over 3,400 residences. From its inception to April 30, 2017, the Authority has spent approximately $159.4 million ($123.8 million of which has been paid with AIP grant revenues) on RSIP.

Fuel Storage Tanks

Underground fuel storage tanks are present on the property occupied by the Rental Car Center. The On-Airport Rental Car Companies have agreed in the Rental Car Center Lease Agreements to pay for remediation costs associated with any leakage of the underground fuel storage tanks.

The Authority owns the above-ground tanks that store airline fuel, which is transported to the airfield via underground fuel lines. The fuel lines that supply fuel to the storage tanks are owned by a third party. Airlines operating at SDIA that use these storage tanks and the fuel lines to the airfield have entered into a lease agreement pursuant to which they are required to indemnify the Authority against any liability associated therewith.

Air Quality and Carbon Management Plan

In May 2008, the Authority entered into a Memorandum of Understanding (the "MOU") with the Attorney General of the State regarding the Master Plan. Pursuant to the MOU, the Authority agreed to certain specific measures to reduce the amount of greenhouse gas emissions from aviation and other operations conducted at SDIA. Some of the specific measures the Authority agreed to take in the MOU include, among others, providing landside power and preconditioned air to the gates at the terminals and in the cargo facilities, replacing vehicles operating at SDIA with electric or alternative fuel vehicles, and using "green" materials for the construction of the projects including in the Master Plan. In December 2009, the Board approved the San Diego County Regional Airport Authority Air Quality Management Plan (the "Air Quality Management Plan"), which sets forth the Authority's specific plan for implementing the provisions of the MOU. Many of the elements of the Air Quality Management Plan have been incorporated into the Capital Program. Future improvements at SDIA also will need to incorporate the provisions of the Air Quality Management Plan.

The Board adopted a Ground Transportation Vehicle Conversion Incentive-Based Program (the "Incentive Program") in accordance with the terms and conditions of the MOU. For various eligible ground transportation providers at SDIA, the Incentive Program provides incentive payments, reduced permit fees, and/or reduced trip fees for Alternative Fuel Vehicles ("AFVs") and Clean Air Vehicles ("CAVs") through Fiscal Year 2021, but increased user fees for non-AFVs and non-CAVs beginning in Fiscal Year 2015. The Authority estimates that the Incentive Program will cost approximately $500,000 in Fiscal Year 2018.

In 2016, the California legislature passed Senate Bill 32 that codifies the State's commitment to reduce greenhouse gas emissions 40% below 1990 levels by 2030. Two new policy documents, the Sustainable Freight Action Plan and the Mobile Source Strategy, were recently released by the California Air Resources Board ("CARB") to assist with achieving this carbon reduction goal. These documents identify emissions from airport shuttles and ground support equipment as priority action areas. As such, the Authority has been proactively engaging CARB on the potential structure of any incentives or rules that may be developed as a result. If new regulations are adopted by CARB, it will likely require the Authority and the other users of the Airport to replace their shuttles and equipment with zero-emission technologies at the end of their useful life.

Additionally, in 2016, the Authority worked with the San Diego Air Pollution Control District to include the projects in the Capital Program and certain other projects that may be undertaken at the Airport (including the ADP) over the next 20 years into the region's updated State Implementation Plan ("SIP") for ozone. The SIP outlines the measures that will be implemented in the region to attain and maintain air quality standards as required by the federal Clean Air Act and will be used by the Authority to demonstrate general conformity for future improvements at SDIA

See "CERTAIN INVESTMENT CONSIDERATIONS—Climate Change Issues."

Storm Water Management

Under the Federal Clean Water Act and Environmental Protection Agency regulations, the Authority is required to obtain certain storm water runoff discharge permits. The Authority has received permits from the San Diego Regional Water Quality Control Board (the "SDRWQCB") and the State Water Resources Control Board. The Authority is currently in compliance with all of its storm water runoff discharge permits.

Certain portions of the SDIA, fueling, maintenance and wash areas, are regulated under California's Industrial General Permit, adopted on July 1, 2015 by the State Water Resources Control Board. As part of the new permit, industrial facilities' storm water discharges need to be below certain "numeric action limits" for water quality parameters. In July 2016, SDIA was categorized as a Level 1 facility, and the Authority developed an exceedance response action plan to identify additional best management practices that will be implemented to reduce concentrations of heavy metals in storm water runoff. Similarly, the Authority's compliance with the Municipal Separate Storm Sewer System (MS4) permit is focused on reducing the frequency of heavy metals exceedances during wet weather events. As such, the Authority has expanded its own requirements to prioritize storm water infiltration and/or capture and reuse systems within new development projects, such as the Terminal 2 Parking Plaza and the new FIS facility.

On June 18, 2014, the SDRWQCB issued an Investigative Order directing the Authority, General Dynamics and the Port District to submit technical reports pertaining to an investigation of sediment chemistry in the Laurel Hawthorn Central Embayment in San Diego Bay. The Investigative Order alleged that an unauthorized discharge of wastes occurred as evidenced by the presence of polychlorinated biphenyl, total petroleum hydrocarbons, volatile organic compounds, polycyclic aromatic hydrocarbons, metals and pesticides in the bay sediments. Although the Authority believes it is not legally responsible for any harmful discharges at the identified location, it agreed with the other parties to participate in and share in the funding of the investigation and study. The Final Sediment Chemistry Report was provided to the SDRWQCB and that investigation was completed. In November 2016, the SDRWQCB indicated it will likely issue an additional Investigative Order for the purpose of additional remedial investigation in the Laurel Hawthorn Central Embayment. As of the date of this Official Statement, the Authority cannot predict if it will be found liable for the costs of any future remediation.

In December 2016, the U.S. Department of the Navy released a draft Record of Decision for a Final Remedial Action Plan in order to cleanup chemically-impacted sediments in the former Naval Training Center San Diego Boat Channel immediately adjacent to SDIA. In a letter to the Authority dated December 28, 2016, the Department of the Navy alleged that the Authority was a responsible party under the federal Comprehensive Environmental Response, Compensation, and Liability Act due to past contributions of metals and other contaminants into the Boat Channel. The Authority cannot predict whether or to what extent it may be liable for the costs of any future remediation. However, the Department of the Navy has been initially receptive to the Authority only providing in-kind contributions, if needed, to any future remediation actions.

CERTAIN INVESTMENT CONSIDERATIONS

Prospective purchasers of the Subordinate Series 2017 Bonds are urged to read this Official Statement, including all Appendices, in its entirety. The following information should be considered by prospective investors, in addition to the other matters set forth in this Official Statement in evaluating the Subordinate Series 2017 Bonds. However, it does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to an investment in the Subordinate Series 2017 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. There can be no assurance that other risk factors not discussed herein will not become material in the future.

Subordinate Series 2017 Bonds Are Special Obligations

The Subordinate Series 2017 Bonds are special obligations of the Authority, payable solely from and secured by a pledge of (a) Subordinate Net Revenues, which include certain income and revenue received by the Authority from the operation of the Airport System less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System and less all amounts necessary to pay debt service on and fund the reserves for the Senior Bonds; and (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Subordinate Series 2017 Bonds, and neither the full faith and credit nor the taxing power of the Authority, the City, the County, the State or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Subordinate Series 2017 Bonds.

Factors Affecting the Airline Industry

General. Key factors that affect airline traffic at SDIA and the financial condition of the airlines, and, therefore, the amount of Subordinate Net Revenues available for payment of the Subordinate Series 2017 Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel; regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of SDIA; competition from other airports; and business travel substitutes, including teleconferencing, videoconferencing and web-casting.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001 and the economic recession that occurred between 2008 and 2009. Other business decisions by airlines, such as the reduction, or elimination, of service to unprofitable markets, increasing the use of smaller, regional jets and changing hubbing strategies have also affected air traffic at SDIA and could have a more pronounced effect in the future.

In addition to revenues received from the airlines, the Authority derives a substantial portion of its revenues from concessionaires including parking operations, food and beverage concessions, retail concessions, car rental companies, and others. See "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES" and "FINANCIAL INFORMATION." Declines in passenger traffic at SDIA may adversely affect the commercial operations of many of these concessionaires. While the Authority's agreements with concessionaires require the concessionaires to pay a minimum annual guarantee, severe financial difficulties could lead to a failure by a concessionaire to make the required payments or could lead to the cessation of operations of such concessionaire.

Many of these factors are outside the Authority's control. Changes in demand, decreases in aviation activity and their potential effect on enplaned passenger traffic at SDIA may result in reduced Revenues and PFCs. Following are just a few of the factors affecting the airline industry including, regional and national economic conditions, threats of terrorism, costs of aviation fuel, and airline concentration. See also "—Aviation Security Concerns" below for additional discussion on the costs of security.

Economic Conditions. Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. See "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Threats of Terrorism. Recent and ongoing terrorist attacks and threats of terrorism have had, and may continue to have, a negative impact on air travel. According to news reports, terrorist attacks over the last year in London, Nice, Munich, Paris, Brussels and Istanbul, among other cities, have had a negative impact on tourists traveling to, and throughout, Europe and, thereby, a negative effect on airline revenues. The Authority cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001 or the terrorist attacks in Nice, Munich, Paris, Brussels and Istanbul, the likelihood of future air transportation disruptions or the impact on the Authority or the airlines operating at SDIA from such incidents or disruptions.

Cost of Aviation Fuel. Airline earnings are significantly affected by changes in the price of aviation fuel. According to Airlines for America, fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East and North Africa), Organization of Petroleum Exporting Countries policy, the growth of economies around the world, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather. According to Airlines for America, for the first quarter of 2017, jet fuel accounted for approximately [___]% of the airline industry's operating expenses. The price of aviation fuel rose to an all-time high of approximately $3.75 per gallon in July 2008. According to the U.S. Bureau of Transportation Statistics, the price of aviation fuel averaged approximately $[___] per gallon for the first three months of 2017. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines.

Airline Concentration; Effect of Airline Industry Consolidation. The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible the airlines serving SDIA could consolidate operations through acquisition, merger, alliances and code share sales strategies. Examples of airlines mergers occurring over the last several years include: (a) in 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle (now known as Endeavor) and Compass; (b) on October 1, 2010, United Airlines and Continental Airlines merged and United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012; (c) on May 2, 2011, Southwest acquired Air Tran, and Southwest and Air Tran began operating as a single airline (under the Southwest brand) in March 2012; (d) on December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc., and American and US Airways began operating as a single airline (under the American brand) in October 2015; and (e) in December 2016, Alaska Air Group acquired Virgin America Inc. To date none of these mergers have had any material impact on airline service or enplanements at SDIA. While these prior mergers have not had any material impact on airline service or enplanements at SDIA or on Revenues, future mergers or alliances among airlines operating at SDIA may result in fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Revenues, reduced PFC collections and/or increased costs for the other airlines serving SDIA.

Bankruptcy by Airlines and Concessionaires

A bankruptcy of an airline or of another tenant or tenants operating from SDIA could result in delays or reductions in payments on the Subordinate Series 2017 Bonds.

Since December 2000, several airlines that currently operate at SDIA, including, among others, United Airlines, Delta Air Lines, American Airlines and Frontier Airlines, have filed for and reorganized under bankruptcy protection. Additional bankruptcy filings may occur in the future. The bankruptcy of an airline with significant operations at SDIA could have a material adverse effect on operations of SDIA, Revenues, and the cost to the other airlines operating at SDIA.

In the event of a bankruptcy by an airline or other tenant operating from SDIA, the automatic stay provisions of the United States Bankruptcy Code (the "Bankruptcy Code") could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by an airline or other tenant to the Authority or any action to enforce any obligation of an airline or other tenant to the Authority. With the authorization of the bankruptcy court, an airline or other tenant may be able to repudiate some or all of its agreements with the Authority and stop performing its obligations (including payment obligations) under such agreements. Such a repudiation also could excuse the other parties to such agreements from performing any of their obligations. An airline or other tenant may be able, without the consent and over the objection of the Authority to alter the terms, including the payment terms, of its agreements with the Authority, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, an airline or other tenant may be able to assign its rights and obligations under any of its agreements with the Authority to another entity, despite any contractual provisions prohibiting such an assignment. The Subordinate Trustee and the holders of the Subordinate Series 2017 Bonds may be required to return to an airline or other tenant as preferential transfers any money that was used to make payments on the Subordinate Series 2017 Bonds and that was received by the Authority or the Subordinate Trustee from such airline or other tenant during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by the Authority under any lease with an airline or agreement with another tenant may be subject to limitations.

As described under "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Passenger Facility Charges," the airlines serving SDIA also are required to pay to the Authority PFCs collected from enplaned passengers at SDIA. The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Authority) imposing the PFCs, except for any handling or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in their respective financial statements. However, the airlines, provided they are not under bankruptcy protection, are permitted to commingle PFC collections with other revenues. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the Authority cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the airlines operating at SDIA. The PFC Act requires an airline in bankruptcy protection to segregate PFC collections from all of its other revenues. It is possible that the Authority could be held to be an unsecured creditor with respect to unremitted PFCs held by an airline that has filed for bankruptcy protection. Additionally, the Authority cannot predict whether an airline operating at SDIA that files for bankruptcy protection would have properly accounted for the PFCs owed to the Authority or whether the bankruptcy estate would have sufficient moneys to pay the Authority in full for the PFCs owed by such airline. PFCs are not pledged to the repayment of any Senior Bonds or Subordinate Obligations (including the Subordinate Series 2017 Bonds), however, the Authority has in the past and expects to in the future use PFCs to pay a portion of the debt service on the Senior Series 2013 Bonds and the Subordinate Series 2010 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS—Use of PFCs to Pay Debt Service."

Each airline operating at SDIA is required to provide the Authority with a letter of credit equal to approximately three months of estimated obligations payable by the airline to the Authority. In the event of bankruptcy of an airline, the Authority would be able to draw on any such letter of credit to pay obligations owed by the bankrupt airline. Payments under any letter of credit may not be sufficient to pay the Authority all amounts owned by the bankrupt airline.

There may be delays in payments to the Authority and resulting delays in the payment of principal of and interest on the Subordinate Series 2017 Bonds while the court considers any of the issues described above. There may be other possible effects of a bankruptcy of an airline or other tenant that could result in delays or reductions in payments on the Subordinate Series 2017 Bonds. Regardless of any specific adverse determinations in an airline or other tenant bankruptcy proceeding, the fact of an airline or other tenant bankruptcy proceeding could have an adverse effect on the liquidity and value of the Subordinate Series 2017 Bonds.

Southwest Airlines – SDIA's Largest Carrier

In Fiscal Year 2016, Southwest Airlines accounted for approximately 37.9% of the total enplaned passengers at SDIA. Where an airport has a sizable market share accounted for by a single airline, there is risk associated with the potential for that airline to reduce or discontinue service. However, in the case of Southwest Airlines at SDIA, this risk is mitigated by the following factors: (a) Southwest Airlines is a consistently profitable airline; and (b) the development of service by Southwest Airlines at SDIA has demonstrated a large O&D passenger demand that could be served by other airlines at SDIA in the unlikely event Southwest Airlines were to reduce service at SDIA. Nevertheless, the Authority cannot predict what effect a reduction or discontinuation of service by Southwest would have on the Authority or Revenues, or whether another airline would absorb the service provided by Southwest.

Aviation Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks (see "—Factors Affecting the Airline Industry—Threats of Terrorism" above), increased threat levels declared by the Department of Homeland Security and world health concerns such as the Severe Acute Respiratory Syndrome ("SARS") outbreak in 2003, the H1N1 influenza ("swine flu") outbreak in 2009 and 2010 and the Zika virus outbreak that began in South America in 2015 and has spread to certain parts of southern Florida, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

The Authority cannot predict whether SDIA will be targets of terrorists in the future. Additionally, the Authority cannot predict the effect of any future government-required security measures on passenger activity at SDIA.

Regulations and Restrictions Affecting SDIA

General. The operations of SDIA are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Airline Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the terrorist attacks of September 11, 2001, SDIA also has been required to implement enhanced security measures mandated by the FAA, the Department of Homeland Security and Airport management.

It is not possible to predict whether future restrictions or limitations on operations at SDIA will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for SDIA, whether additional requirements will be funded by the federal government or require funding by the Authority, or whether such restrictions or legislation or regulations would adversely affect Revenues. See "—Aviation Security Concerns" above.

State Tidelands Trusts

Nearly all of the land on which SDIA's facilities are located is held in trust by the Port District pursuant to tidelands grants from the State. Generally, the use of lands subject to the trust is limited under the terms of the grants to harbor and airport uses and other uses of statewide interest, such as fishing, public recreation and enjoyment of the waterfront. Pursuant to the Act, the Port District has leased the land on which SDIA is located to the Authority until 2069. There also are certain limitations on the use of funds generated from facilities located on this land. However, none of the various restrictions are expected to affect the operations of SDIA or the finances of the Authority. The grants may be subject to amendment or revocation by the State legislature, as grantor of the trust and as representative of the beneficiaries (the people of the State). Under the law, any such amendment or revocation could not impair the accomplishment of trust purposes, or abrogate the existing covenants and agreements between the Port District, as trustee, the Authority, as lessee, and the Authority's bondholders. The Authority does not anticipate that the State will revoke the tidelands grants.

Federal Law Affecting Airport Rates and Charges

In general, federal aviation law requires that airport fees charged to airlines and other aeronautical users be reasonable and that in order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. The Authority is not aware of any formal dispute involving SDIA over any existing rates and charges. The Authority believes that the rates and charges methodology it utilizes and the rates and charges it imposes upon air carriers, foreign air carriers and other aeronautical users are reasonable and consistent with applicable law. However, there can be no assurance that a complaint will not be brought against the Authority in the near-term or in the future, challenging such methodology and the rates and charges established by the Authority, and if a judgment is rendered against the Authority, there can be no assurance that rates and charges paid by aeronautical users of SDIA will not be reduced. An adverse determination in a future challenge could limit the ability of the Authority to charge airlines rates sufficient to meet the rate covenants in the Master Senior Indenture and the Master Subordinate Indenture and could have a material adverse impact on the receipt of Revenues.

Additionally, the policies of the FAA prohibit an airport from making direct or indirect payments that exceed the fair and reasonable value of the respective services and facilities provided to the airport. The Port District provides certain services to the Authority and leases several parcels of land to the Authority. If the FAA were to rule that the Authority's payments to the Port District for the services provided by the Port District and/or for the lease of the several parcels of land to the Authority violate the policies of the FAA, the Authority would be solely responsible for correcting any such violations. If the Authority violates the policies of the FAA, the FAA may withhold payment of AIP grants or rescind the Authority's ability to collect PFCs until the Authority corrects such violation. The Authority is not aware of any challenges by the FAA to the payments being made by the Authority to the Port District.

Restrictions on Airport Facilities and Operations

There are restrictions on the Authority's ability to expand and develop facilities at SDIA. Current conditions at SDIA make the addition of a runway difficult. Obstacles to runway expansion include significant geographic obstructions, major land acquisition requirements, extensive infrastructure impacts, increased noise impacts and community resistance. Geographic obstructions include high terrain to the northeast and southwest of SDIA and manmade obstructions, such as office buildings, to the northeast, east and southeast of SDIA. See "SAN DIEGO INTERNATIONAL AIRPORT—Existing Facilities."

Additionally there are direct restrictions on operations at SDIA, primarily relating to noise abatement. The Code of the Authority prohibits departures from SDIA between 11:30 p.m. and 6:30 a.m. (the "Curfew"). No airline may schedule or advertise for a departure between 11:15 p.m. and 6:15 a.m. These restrictions are subject only to limited exceptions including emergency and mercy flights. Landings at SDIA are not prohibited during the Curfew. See "AIRPORT ENVIRONMENTAL MATTERS—Airport Noise."

These restrictions on facilities and operations may limit the number of passengers and flights which SDIA can accommodate in the future which, in turn, may limit the amount of Revenues the Authority can generate.

Unavailability of, or Delay in, Anticipated Funding Sources

As described herein, the Authority anticipates that funding for the Capital Program has been and will be provided through a combination of proceeds of the Subordinate Series 2017 Bonds, the previously-issued Senior Series 2013 Bonds, the previously-issued Subordinate Series 2010 Bonds, the previously-issued Series 2014 Special Facilities Bonds and Additional Senior Bonds to be issued in 2018, internally generated cash of the Authority, PFC revenues on a pay-as-you-go basis, AIP grants, and other sources. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT" for a description of the financing plan for the Capital Program. In the event that any of such sources are unavailable for any reason, including unavailability of internally generated cash flow; reduction in the amount of PFCs or AIP grants available to the Authority; non-appropriation of, or delay in payment of, federal fund or grants; the inability of the Authority to issue or sell Additional Senior Bonds and/or Additional Subordinate Obligations; or any other reason, the completion of the projects included in the Capital Program could be substantially delayed and financing costs could be higher than projected. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of SDIA and the Authority.

Availability of PFCs. The Authority expects to use approximately $88 million of PFCs on a pay-as-you-go basis to finance a portion of the costs of the Capital Program and $779 million of PFCs to pay debt service on PFC Eligible Bonds (a portion of the Senior Series 2013 Bonds and a portion of the Subordinate Series 2010 Bonds) though Fiscal Year 2043. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS—Use of PFCs to Pay Debt Service."

The amount of PFCs received by the Authority in future years will vary based upon the actual number of PFC-eligible passenger enplanements at SDIA. No assurance can be given that any level of enplanements will be realized. See "—Factors Affecting the Airline Industry" above. Additionally, the FAA may terminate the Authority's ability to impose the PFC, subject to informal and formal procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the PFC Regulations; or (b) the Authority otherwise violates the PFC Act or the PFC Regulations. Its authority to impose the PFC may also be terminated if the Authority violates certain provisions of ANCA and its implementing regulations. The regulations under ANCA also contain procedural safeguards to ensure that the Authority's ability to impose a PFC would not be summarily terminated. No assurance can be given that the Authority's ability to impose the PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Authority or that the Authority will not seek to decrease the amount of the PFC to be collected, provided such decrease does not violate the Authority's covenant in the PFC Resolution.

A shortfall in PFC revenues, as a result of the FAA or Congress reducing or terminating the Authority's ability to collect PFCs or as a result of any other actions, may cause the Authority to increase rates and charges at SDIA to meet the debt service requirements on the Senior Series 2013 Bonds and the Subordinate Series 2010 Bonds that the Authority plans to pay with PFCs, and/or require the Authority to identify other sources of funding to pay for the costs of the Capital Program projects currently expected to be paid with PFC revenues, including issuing Additional Senior Bonds and/or Additional Subordinate Obligations.

Availability of Federal Funds. See also "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Federal Funding," for a discussion of the assumptions with respect to AIP grant funding. Although the Authority considers these assumptions to be reasonable, assumptions are inherently subject to certain uncertainties and contingencies. Actual AIP funding levels and the timing of the receipt of such funds vary and such differences may be material. Funds obligated for the AIP are drawn from the Airport and Airway Trust Fund that is supported by user fees, fuel taxes, and other similar revenue sources that must be authorized and approved by Congress.

If there is a reduction in the amount of AIP grants awarded to the Authority, such reduction could (i) increase by a corresponding amount the capital expenditures that the Authority would need to fund from other sources (including operating revenues, Additional Senior Bonds or Additional Subordinate Obligations), (ii) result in cancellation of certain Capital Program projects or (iii) extend the timing for completion of certain projects.

Federal Funding; Impact of Federal Sequestration

On February 6, 2012, Congress passed a four-year reauthorization bill for the FAA, the "FAA Modernization and Reform Act of 2012" (the "2012 FAA Reauthorization") which was signed into law on February 14, 2012 by the President. The 2012 FAA Reauthorization had an original expiration date of September 30, 2015. This was the first long-term FAA authorization since the last such authorization expired in 2007. Between 2007 and the 2012 reauthorization, there were 23 short-term extensions of the FAA's authority and a two-week partial shutdown of the FAA in the summer of 2011. Similarly, the 2012 FAA Reauthorization has been extended three times, most recently on July 15, 2016, and now expires on September 30, 2017. The 2012 FAA Reauthorization, and the three extensions, retained the federal cap on Passenger Facility Charges at $4.50 and continued funding for AIP through September 30, 2017. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). There can be no assurance that the FAA will receive spending authority beyond the September 30, 2017 extension. In addition, the AIP could be affected by the automatic across-the-board spending cuts, known as sequestration, described in more detail below. The Authority is unable to predict the level of available AIP funding it may receive. If there is a reduction in the amount of AIP grants awarded to the Authority for the Airport, such reduction could (i) increase by a corresponding amount the capital expenditures that the Authority would need to fund from other sources (including operating revenues, Additional Senior Bonds and/or Additional Subordinate Obligations), (ii) result in decreases to the projects in the Capital Program, or (iii) extend the timing for completion of certain projects. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program."

Federal funding received by the Authority and aviation operations could be adversely affected by the implementation of sequestration – a unique budgetary feature first introduced in the Budget Control Act of 2011, which, among other things, reduced spending for most federal programs and reduced subsidy payments to be made to issuers of "direct-pay" bonds, such as Build America Bonds, including the

Subordinate Series 2010C Bonds. As a result of the ongoing sequestration, in 2017, the Authority expects that the subsidy receivable by it on the Subordinate Series 2010C Bonds will be reduced by 6.8% or approximately $340,000.

Sequestration could also adversely affect FAA and TSA budgets, operations and the availability of certain federal grant funds typically received annually by the Authority which may cause the FAA or TSA to implement furloughs of its employees and hiring freezes, including air traffic controllers, and result in flight delays and flight cancellations, implement hiring freezes.

Between Fiscal Years 2013 and 2017, the Authority received, on average, approximately $18.5 million of grant revenues per Fiscal Year from the FAA and the TSA. The Authority is unable to predict future sequestration funding cuts or furloughs or the impact of such actions on the Airport's airline traffic, grant receipts and Revenues. The Authority intends to take any commercially reasonable measures necessary to continue smooth operation of SDIA.

Financial Feasibility Report

The Financial Feasibility Report included as Appendix A to this Official Statement contains certain assumptions and forecasts. The Financial Feasibility Report should be read in its entirety for a discussion of historical and forecasted results of enplanements, operations and debt service coverage and the assumptions and rationale underlying the forecasts. As noted in the Financial Feasibility Report, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material.

Accordingly, the projections contained in the Financial Feasibility Report or that may be contained in any future certificate of the Authority or a consultant are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Authority assumes any responsibility for the failure to meet such projections. In addition, certain assumptions with respect to future business and financing decisions of the Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Subordinate Series 2017 Bonds are cautioned not to place undue reliance upon the Financial Feasibility Report or upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Subordinate Net Revenues, PFCs and federal funds and grants may be materially less than expected and consequently, the ability of the Authority to make timely payment of the principal of and interest on the Subordinate Series 2017 Bonds may be materially adversely affected.

Neither the Authority's independent auditors, nor any other independent accountants have compiled, examined or performed any procedures with respect to the Subordinate Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Subordinate Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Subordinate Net Revenues forecast.

Impact of Potential Earthquakes

Although the San Diego area has not experienced any significant damage from seismic activities, the geographical area in which SDIA is located is subject to unpredictable seismic activity. Southern California is characterized by a number of geotechnical conditions which represent potential safety hazards, including expansive soils and areas of potential liquefaction. The San Andreas, Rose Canyon, Elsinore and San Jacinto fault zones are all capable of producing earthquakes in the San Diego area. SDIA has not experienced any significant losses of facilities or services as a result of earthquakes.

The main terminal buildings of SDIA were seismically upgraded in the mid-1990s and comply with applicable building codes. However, SDIA's facilities could sustain extensive damage in a major seismic event, ranging from total destruction of SDIA, to destabilization or liquefaction of the soils, to little or no damage at all. There can be no assurances that damage resulting from an earthquake will not materially adversely affect the financial condition or operations of SDIA or the ability of the Authority to generate Net Revenues and Subordinate Net Revenues in the amounts required by the Senior Indenture and the Subordinate Indenture, as applicable. The Authority does not currently maintain earthquake insurance, but as of April 30, 2017, the Authority had designated $9,412,300 from its net position as an insurance contingency, which could be used in the event of damage to the Airport from an earthquake, among other things.. See "FINANCIAL INFORMATION—Risk Management and Insurance."

The Authority is unable to predict when another earthquake may occur and what impact, if any, it may have on SDIA or the finances of the Authority or whether the Authority will have sufficient resources to rebuild or repair damaged facilities following a major earthquake.

Climate Change Issues

Possible Increased Regulations. [Update to come] Climate change concerns are leading to new laws and regulations at the federal and state levels that could have a material adverse effect on airlines operating at SDIA and also could affect ground operations at airports.

The U.S. Environmental Protection Agency ("EPA") has taken steps towards the regulation of greenhouse gas ("GHG") emissions under existing federal law. Those steps may in turn lead to further regulation of aircraft GHG emissions. Regulation by the EPA can be initiated by private parties or by governmental entities other than EPA. In 2007, several states, including California, petitioned EPA to regulate GHGs from aircraft. On July 30, 2008, EPA issued an Advanced Notice of Proposed Rulemaking ("ANPR") relating to GHG emissions and climate change. Part of the ANPR requested comments on whether and how to regulate GHG emissions from aircraft. The final rule, the Mandatory Reporting of Greenhouse Gases Rule (74 FR 56260), requires reporting of GHG data and other relevant information from large stationary sources and electricity and fuel suppliers, but not mobile aircraft. While the EPA has not yet taken any action to regulate GHG emissions from aircraft, regulation may still be forthcoming. On July 5, 2011, the U.S. District Court for the District of Columbia issued an order concluding that the EPA has a mandatory obligation under the Clean Air Act to consider whether the greenhouse gas and black carbon emissions of aircraft engines endanger public health and welfare. The EPA is in the process of determining whether greenhouse gas and black carbon emissions of aircraft engines endanger public health and welfare. The Authority cannot predict what the EPA's findings will be or what effect they will have on the Authority or operations at SDIA.

In addition to these regulatory actions, other laws and regulations limiting GHG emissions have been adopted by a number of states, including California, and have been proposed on the federal level. California passed Assembly Bill 32, the "California Global Warming Solutions Act of 2006," which requires the Statewide level of GHGs to be reduced to 1990 levels by 2020. On October 20, 2011, the

California Air Resources Board ("CARB") made the final adjustments to its implementation of Assembly Bill 32: the "California-Cap-and-Trade Program" (the "Program") which was implemented in January 2012. The Program covers regulated entities emitting 25,000 MtCO2e per year or more and entities in certain listed industries, including major industrial sources, electricity generating facilities, and fuel suppliers. No-covered entities are encouraged to opt-in and voluntarily participate in the Program. It is expected that the Program will result in rising electricity and fuel costs, which may adversely affect the airlines serving SDIA and SDIA operations. See "AIRPORT ENVIRONMENTAL MATTERS—Air Quality Management Plan" for a discussion of the Authority's plans to reduce GHG emissions at SDIA.

The Authority is unable to predict what federal and/or state laws and regulations with respect to GHG emissions will be adopted, or what effects such laws and regulations will have on airlines serving SDIA or on SDIA operations. The effects, however, could be material.

Possible Sea-Level Rise. SDIA is located approximately one-half mile from San Diego Bay, which is located approximately two miles from the Pacific Ocean. The San Diego area, including SDIA, may be exposed to rising sea levels as a result of global warming. In May 2009, the California Climate Change Center released a final paper entitled "The Impacts of Sea-Level Rise on the California Coast" that was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation, and the California Ocean Protection Council. The paper posits that increases in sea level will be a significant impact of climate change over the next century. While noting that impacts are highly site-specific and somewhat speculative, the paper indicated that the San Diego area, including SDIA, were not vulnerable to flooding with a 1.4-meter sea level rise. However, the Authority is unable to predict whether sea-level rise or other impacts of climate change will occur while the Subordinate Series 2017 Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Revenues.

Ability To Meet Rate Covenant

As discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS—Subordinate Rate Covenant," the Authority has covenanted in the Master Subordinate Indenture to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the rate covenant set forth in the Master Subordinate Indenture is met. In addition to Subordinate Net Revenues, the Authority expects to use approximately $30 million of PFCs each Fiscal Year between Fiscal Year 2018 and Fiscal Year 2023 to pay debt service on the PFC Eligible Bonds (the Senior Series 2013 Bonds and the Subordinate Series 2010 Bonds). If PFCs are used to pay principal of and/or interest on the PFC Eligible Bonds, such principal and/or interest is excluded from the calculation of debt service on the PFC Eligible Bonds; thus decreasing debt service and increasing debt service coverage for purposes of the rate covenant under the Master Subordinate Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS—Use of PFCs to Pay Debt Service." Also see "—Availability of PFCs" above.

If Subordinate Net Revenues (and PFCs expected to be used to pay debt service) were to fall below the levels necessary to meet the rate covenant set forth in the Master Subordinate Indenture, the Master Subordinate Indenture provides for procedures under which the Authority would retain and direct a Consultant to make recommendations as to the revision of the Authority's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Authority is required to take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to meet the rate covenant. Increasing the schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Authority in connection with the Airport System is subject to contractual, statutory and regulatory restrictions (see "—Regulations and Restrictions Affecting SDIA" above). Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of SDIA could have a detrimental impact on the operation of SDIA by making the cost of operating at SDIA unattractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of SDIA.

Enforceability of Remedies; Limitation on Remedies

As discussed above under "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS—Events of Default and Remedies; No Acceleration," there is no right to acceleration of payments to bondholders under the Subordinate Indenture, and bondholders may be required to make a separate claim for each semiannual payment not paid. Further, the remedies available to the owners of the Subordinate Series 2017 Bonds upon an Event of Default under the Subordinate Indenture are in many respects dependent upon regulatory and judicial actions that are in many instances subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided for in the Senior Indenture may not be readily available or may be limited. Legal opinions to be delivered concurrently with the delivery of the Subordinate Series 2017 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Subordinate Series 2017 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by equitable remedies and proceedings generally.

Potential Limitation of Tax Exemption of Interest on Subordinate Series 2017 Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Subordinate Series 2017 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may also cause interest on the Subordinate Series 2017 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Internal Revenue Code of 1986, as amended, or court decisions may also affect the market price for, or marketability of, the Subordinate Series 2017 Bonds. Prospective purchasers of the Subordinate Series 2017 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See "TAX MATTERS—Changes in Federal and State Tax Law." Also see "—Federal Funding; Impact of Federal Sequestration" above.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements". When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. See "INTRODUCTION—Forward-Looking Statements."

Any financial projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public

Accountants with respect to the prospective financial information. The Authority's independent auditors have not compiled, examined, or performed any procedures with respect to the prospective financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The Authority's independent auditors have not been consulted in connection with the preparation of any financial projections contained in this Official Statement and the Authority's independent auditors assume no responsibility for its content.

AIRLINE INDUSTRY INFORMATION

Certain of the airlines or their parent corporations operating at SDIA are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements can be inspected and copies obtained at prescribed rates in the Public Reference Room of the SEC at 100 F Street, NE, Room 1580, Washington, DC 20549. The SEC maintains a website at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the DOT. Such reports can be inspected at the following location: Bureau of Transportation Statistics, Research and Innovation Technology Administration, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590, and copies of such reports can be obtained from the DOT at prescribed rates.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depository Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

The Authority undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed in the preceding paragraphs, including, but not limited to, updates of such information on the SEC's website or links to other Internet sites accessed through the SEC's website.

See also "CERTAIN INVESTMENT CONSIDERATIONS" for discussions regarding the financial condition of the airlines and the effects of airline bankruptcies on the Authority.

LITIGATION

No Litigation Relating to Subordinate Series 2017 Bonds

There is no litigation now pending or, to the best of the Authority's knowledge, threatened which seeks to restrain or enjoin the sale, issuance or delivery of the Subordinate Series 2017 Bonds or in any way contests the validity of the Subordinate Series 2017 Bonds or any proceedings of the Board taken with respect to the authorization, sale or issuance of the Subordinate Series 2017 Bonds, the pledge or application of any moneys provided for the payment of or security for the Subordinate Series 2017 Bonds, or the use of the proceeds of the Subordinate Series 2017 Bonds.

Litigation Relating to the Authority and SDIA

[There are a number of litigation matters pending against the Authority for incidents at SDIA. These claims and suits are of a nature usually incident to the operation of SDIA and, in the aggregate, in the opinion of Authority management, based upon the advice of the General Counsel to the Authority, will not have a material adverse effect on the Revenues or financial condition of SDIA. It should be noted that a portion of the claims relating to personal injuries and property damage are covered by a comprehensive insurance program maintained by the Authority for SDIA.]

There are no material claims or litigation arising out of or challenging any federal fund or grants held by the Authority to date.

[See also "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015—Note 13. Commitments and Contingencies."]

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the Authority, under existing laws, regulations, rulings and judicial decisions, interest on the Subordinate Series 2017 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Subordinate Series 2017B Bond for any period during which such Subordinate Series 2017B Bond is held by a "substantial user" of the facilities financed or refinanced by the Subordinate Series 2017B Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that (a) interest on the Subordinate Series 2017A Subordinate Bonds is not a specific preference item for purposes of the federal alternative minimum tax, and (b) interest on the Subordinate Series 2017B Bonds is a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentences assume the accuracy of certain representations and compliance by the Authority with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Subordinate Series 2017 Bonds. Failure to comply with such requirements could cause interest on the Subordinate Series 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Subordinate Series 2017 Bonds. The Authority will covenant to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Subordinate Series 2017 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Subordinate Series 2017A Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax, such interest will be included in the adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of federal alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their federal alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Bond Counsel is further of the opinion that interest on the Subordinate Series 2017 Bonds is exempt from present State of California personal income taxes.

Special Considerations With Respect to the Subordinate Series 2017 Bonds

The accrual or receipt of interest on the Subordinate Series 2017 Bonds may otherwise affect the federal income tax liability of the owners of the Subordinate Series 2017 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Subordinate Series 2017 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Subordinate Series 2017 Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Subordinate Series 2017 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Subordinate Series 2017 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Subordinate Series 2017 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Subordinate Series 2017 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Subordinate Series 2017 Bonds or the market value thereof would be impacted thereby. Purchasers of the Subordinate Series 2017 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Subordinate Series 2017 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Tax Treatment of Original Issue Premium

The Subordinate Series 2017A Bonds maturing on July 1, 20__ through, and including, July 1, 20__, and the Subordinate Series 2017B Bonds maturing on July 1, 20__ through, and including, July 1, 20__ (collectively, the "Premium Subordinate Series 2017 Bonds") are being sold at a premium. An amount equal to the excess of the issue price of a Premium Subordinate Series 2017 Bond over its stated redemption price at maturity constitutes premium on such Premium Subordinate Series 2017 Bond. An initial purchaser of a Premium Subordinate Series 2017 Bond must amortize any premium over such Premium Subordinate Series 2017 Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Subordinate Series 2017 Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Subordinate Series 2017 Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Subordinate Series 2017 Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Subordinate Series 2017 Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Subordinate Series 2017 Bond.

Tax Treatment of Original Issue Discount

The Subordinate Series 2017A Bonds maturing on July 1, 20__ through, and including, July 1, 20__, and the Subordinate Series 2017B Bonds maturing on July 1, 20__ through, and including, July 1, 20__ (collectively, the "Discount Subordinate Series 2017 Bonds") are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Subordinate Series 2017 Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described under "—General" above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Subordinate Series 2017 Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Subordinate Series 2017 Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Subordinate Series 2017 Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Subordinate Series 2017 Bond, on days which are determined by reference to the maturity date of such Discount Subordinate Series 2017 Bond. The amount treated as original issue discount on such Discount Subordinate Series 2017 Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Subordinate Series 2017 Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Subordinate Series 2017 Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Subordinate Series 2017 Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Subordinate Series 2017 Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Subordinate Series 2017 Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Subordinate Series 2017 Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Subordinate Series 2017 Bond.

RATINGS

Moody's Investors Service, Inc., S&P Global Ratings, a business unit Standard & Poor's Financial Services LLC, and Fitch Ratings have assigned ratings of "[__]" ([______] outlook), "[__]" ([______] outlook), and "[__]" ([______] outlook), respectively, to the Subordinate Series 2017 Bonds. Such ratings reflect only the views of such organizations and any explanation of the meaning and significance of such ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investor Services, Inc. 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, NY 10004.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings are not a recommendation to buy, sell or hold the Subordinate Series 2017 Bonds. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Subordinate Series 2017 Bonds.

LEGAL MATTERS

The validity of the Subordinate Series 2017 Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel's opinion is contained in Appendix D hereto. As Bond Counsel, Kutak Rock LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the Authority by the General Counsel to the Authority. Certain legal matters with respect to this Official Statement will be passed upon for the Authority by Kutak Rock LLP, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with respect to the issuance of the Subordinate Series 2017 Bonds are contingent upon the issuance and delivery of the Subordinate Series 2017 Bonds.

UNDERWRITING

The Subordinate Series 2017A Bonds will be purchased by Morgan Stanley & Co. LLC, Jefferies LLC, Backstrom McCarley Berry & Co., LLC, Citigroup Global Markets Inc., RBC Capital Markets, LLC, and Siebert Cisneros Shank & Co., L.L.C. (collectively, the "Underwriters"), from the Authority at a price of $____________ (which is the par amount of the Subordinate Series 2017A Bonds, plus an original issue premium of $____________, less an original issue discount of $____________, less an underwriters' discount of $____________), subject to the terms of the purchase contract (the "Purchase Contract"), between Morgan Stanley & Co. LLC, as representative of the Underwriters, and the Authority.

The Subordinate Series 2017B Bonds will be purchased by the Underwriters from the Authority at a price of $____________ (which is the par amount of the Subordinate Series 2017B Bonds, plus an original issue premium of $____________, less an original issue discount of $____________, less an underwriters' discount of $____________), subject to the terms of the Purchase Contract.

The Purchase Contract provides that the Underwriters will purchase all of the Subordinate Series 2017 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Subordinate Series 2017 Bonds set forth on the inside of the front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Subordinate Series 2017 Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the cover hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

Morgan Stanley & Co. LLC ("Morgan Stanley") provided the information contained in this paragraph for inclusion in this Official Statement and the Authority does not take any responsibility for or make any representation as to its accuracy or completeness. Morgan Stanley, one of the Underwriters of the Subordinate Series 2017 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Subordinate Series 2017 Bonds.

Jefferies LLC ("Jefferies") provided the information contained in this paragraph for inclusion in this Official Statement and the Authority does not take any responsibility for or make any representation as to its accuracy or completeness. Jefferies, one of the Underwriters of the Subordinate Series 2017 Bonds, has entered into an agreement (the " Jefferies Agreement") with E*TRADE Securities LLC ("E*TRADE") for the retail distribution of municipal securities. Pursuant to the Jefferies Agreement, Jefferies will sell Subordinate Series 2017 Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

Backstrom McCarley Berry & Co., LLC ("BMcB") provided the information contained in this paragraph for inclusion in this Official Statement and the Authority does not take any responsibility for or make any representation as to its accuracy or completeness. BMcB, one of the Underwriters of the Subordinate Series 2017 Bonds, has entered into separate non-exclusive distribution agreements with TD Ameritrade, Hilltop Securities, UMB, D.A. Davidson & Co., and Wedbush Securities Inc. (the Firms) to augment both its institutional and retail marketing capabilities for the distribution of certain new issue municipal securities underwritten by or allocated to BMcB, which includes the Subordinate Series 2017 Bonds. Pursuant to these distribution agreements, the Firms may purchase Subordinate Series 2017 Bonds from BMcB at the original issue price less a negotiated portion of the selling concession applicable to any Subordinate Series 2017 Bonds that such firm sells, or BMcB may share with the Firms a portion of the fees or commission paid to BMcB applicable to their disclosed transactions.

Citigroup Global Markets Inc. ("Citigroup") provided the information contained in this paragraph for inclusion in this Official Statement and the Authority does not take any responsibility for or make any representation as to its accuracy or completeness. Citigroup, one of the Underwriters of the Subordinate Series 2017 Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. ("UBSFS"). Under this distribution agreement, Citigroup may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup may compensate UBSFS for their selling efforts with respect to the Subordinate Series 2017 Bonds.]

MUNICIPAL ADVISOR

The Authority has retained the services of Frasca & Associates, LLC, New York, New York, as Municipal Advisor in connection with the issuance of the Subordinate Series 2017 Bonds. The Municipal

Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

At the time of issuance of the Subordinate Series 2017 Bonds, the Authority will execute and deliver a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") substantially in the form set forth in Appendix E of this Official Statement. Pursuant to the Continuing Disclosure Certificate, the Authority will covenant to provide, or cause to be provided, to the MSRB, through the EMMA System, in an electronic format as prescribed by the MSRB, for purposes of Rule 15c2-12 adopted by the SEC ("Rule 15c2-12"), certain annual financial information and operating data relating to the Authority and the Airport System and, in a timely manner, notice of certain enumerated events. See "APPENDIX E—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

During the last five years, the Authority has never failed to comply in all material respects with any continuing disclosure undertakings with regard to Rule 15c2-12 to provide annual financial information and operating data relating to the Authority and the Airport System and, in a timely manner, notice of certain enumerated events.

FINANCIAL STATEMENTS

The audited financial statements of the Authority for Fiscal Years 2016 and 2015 are included as Appendix B attached hereto. The financial statements referred to in the preceding sentence have been audited by BKD, LLP, the Authority's independent auditor, as stated in its Independent Auditor's Report, dated October 31, 2016, included in Appendix B. [The Authority has not requested the consent of BKD, LLP, nor has BKD, LLP consented, to the inclusion of the financial statements of the Authority or the Independent Auditor's Report in Appendix B. BKD, LLP has not been engaged to perform, and has not performed, since the date of its Independent Auditor's Report, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement.]

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not representations of fact. No representation is made that any of such opinions or estimates will be realized.

All references to the Act, the Senior Indenture, the Subordinate Indenture, the Airline Lease Agreements and agreements with any other parties herein and in the Appendices hereto are made subject to the detailed provisions of such documents, and reference is made to such documents and agreements for full and complete statements of the contents thereof. Copies of such documents are available for review at the offices of the Authority which are located at 3rd Floor, 3225 North Harbor Drive, San Diego, California 92101. This Official Statement is not to be construed as a contract or agreement between the Authority and the owners of any of the Subordinate Series 2017 Bonds.

AUTHORIZATION

The Board has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the President and CEO on behalf of the Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ____
President/CEO

APPENDIX A

FINANCIAL FEASIBILITY REPORT

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

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APPENDIX C

CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE AND THE FIFTH SUPPLEMENTAL SUBORDINATE INDENTURE

APPENDIX D

PROPOSED FORM OF BOND COUNSEL'S OPINION

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by the San Diego County Regional Airport Authority (the "Authority") in connection with the issuance of its San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A (the "Subordinate Series 2017A Bonds"), and San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017B (the "Subordinate Series 2017B Bonds," and together with the Subordinate Series 2017A Bonds, the "Subordinate Series 2017 Bonds"). The Subordinate Series 2017 Bonds are being issued pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "Subordinate Trustee"), and the Fifth Supplemental Subordinate Trust Indenture, dated as of August 1, 2017 (the "Fifth Supplemental Subordinate Indenture," and collectively with the Master Subordinate Indenture and all supplements thereto, the "Subordinate Indenture"), by and between the Authority and the Subordinate Trustee. Additionally, the Subordinate Series 2017 Bonds have been authorized by Resolution No. 2017-____ adopted by the board of directors of the Authority on July 6, 2017 (the "Resolution"). The Subordinate Series 2017 Bonds are being issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "Act"), and in accordance with Revenue Bond Law of 1941 Chapter 6 (commencing with §54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with §54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in California Government Code §54402(b), which shall not apply to the issuance and sale of bonds pursuant to the Act.

In consideration of the purchase of the Subordinate Series 2017 Bonds by the Participating Underwriter (as defined below), the Authority covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Subordinate Series 2017 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Section 2. Definitions. In addition to the definitions set forth in the Subordinate Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 hereof.

"*Beneficial Owner*" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Subordinate Series 2017 Bonds (including persons holding Subordinate Series 2017 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Subordinate Series 2017 Bonds for federal income tax purposes.

"*Dissemination Agent*" means the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"*EMMA System*" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*Holders*" means either the registered owners of the Subordinate Series 2017 Bonds, or if the Subordinate Series 2017 Bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

"*Listed Events*" means any of the events listed in Sections 5(a) and 5(b) hereof.

"*MSRB*" means the Municipal Securities Rulemaking Board, or any successor thereto.

"*Obligated Person*" means the Authority and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Revenues of the Airport System for the prior two Fiscal Years of the Authority. At the time of issuance of the Subordinate Series 2017 Bonds, the Authority is the only Obligated Person.

"*Official Statement*" means the Official Statement, dated July ___, 2017, prepared and distributed in connection with the initial sale of the Subordinate Series 2017 Bonds.

"*Participating Underwriter*" means any of the original underwriters of the Subordinate Series 2017 Bonds required to comply with the Rule in connection with the offering of the Subordinate Series 2017 Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State*" means the State of California.

Section 3. Provision of Annual Reports.

(a) The Authority shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 181 days after the end of the Authority's fiscal year in each fiscal year. The Authority's first Annual Report shall be due December 28, 2018. Not later than 15 Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof. The audited financial statements of the Authority may be submitted separately from the balance of the Annual Report if they are not available by the date of submission, provided such financial statements are submitted within 210 days after the end of the Authority's fiscal year. If the Authority's fiscal year changes, the Authority, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Authority is unable to provide to the MSRB or the Dissemination Agent (if other than the Authority), an Annual Report by the date required in subsection (a), the Authority shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (if other than the Authority) shall confirm in writing to the Authority that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The Authority's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Subordinate Series 2017 Bonds, unless otherwise noted):

(i) Audited financial statements of the Authority, updated to incorporate information for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Authority, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(ii) Outstanding principal amounts of the Senior Bonds (including the Senior Series 2013 Bonds) and the Subordinate Obligations (including the Subordinate Series 2017 Bonds, the Subordinate Series 2010 Bonds, the Subordinate Revolving Obligations and the Subordinate Drawdown Bonds);

(iii) Table 4 — San Diego County Regional Airport Authority, Future Rental Commitments;

(iv) Table 5 — San Diego International Airport, Air Carriers Serving San Diego International Airport;

(v) Table 6 — San Diego International Airport, Total Enplanements and Deplanements;

(vi) Table 7 — San Diego International Airport, Revenue Operations;

(vii) Table 8 — San Diego International Airport, Historical Enplaned and Deplaned Freight and U.S. Mail Cargo;

(viii) Table 9 — San Diego International Airport, Enplanements by Air Carriers;

(ix) Table 10 — San Diego International Airport, Total Revenue Landed Weight;

(x) Table 12 — San Diego County Regional Airport Authority, Investments;

(xi) Table 13 — San Diego County Regional Airport Authority, Statements of Revenues, Expenses and Change in Net Position;

(xii) Table 14 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Providers;

(xiii) Table 15 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Sources;

(xiv) Table 16 — San Diego County Regional Airport Authority, Historical Senior and Subordinate Debt Service Coverage;

(xv) Table 17 — San Diego International Airport, Airline Derived Revenue Per Passenger;

(xvi) Table 21 — San Diego County Regional Airport Authority, Approved PFC Applications; and

(xvii) Table 22 — San Diego County Regional Airport Authority, Annual Receipt of PFCs;

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2017 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Subordinate Series 2017 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 the Subordinate Series 2017 Bonds;

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note: for the purposes of the event identified in subparagraph (9), 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.

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2017 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Subordinate Series 2017 Bonds or other material events affecting the tax status of the Subordinate Series 2017 Bonds;

2. Modifications to rights of the Beneficial Owners or Holders of the Subordinate Series 2017 Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Subordinate Series 2017 Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee;

(c) The Authority shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Beneficial Owners and Holders of the affected Subordinate Series 2017 Bonds pursuant to the Subordinate Indenture.

Section 6. Termination of Reporting Obligation. The Authority's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Subordinate Series 2017 Bonds, or upon delivery to the Dissemination Agent (if other than the Authority) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Subordinate Series 2017 Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. From time to time, the Authority may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Authority) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys' fees). The Dissemination Agent (if other than the Authority) shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the Authority may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an

Obligated Person with respect to the Subordinate Series 2017 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Subordinate Series 2017 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Subordinate Series 2017 Bonds in the same manner as provided in the Subordinate Indenture for amendments to the Subordinate Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Subordinate Series 2017 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Subordinate Series 2017 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Dissemination Agent (if other than the Authority), as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Subordinate Indenture and the sole remedy under this Certificate in the event of any failure of the Authority or the Dissemination Agent (if other than the Authority) to comply with this Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the Subordinate Indenture. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Subordinate Series 2017 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Subordinate Series 2017 Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Certificate this ____ day of August, 2017.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ____
Name: ______________________________________
Title: ______________________________________

Approved as to form:

By ___________________________________
Amy Gonzalez
General Counsel

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	San Diego County Regional Airport Authority
Name of Bond Issue:	Subordinate Airport Revenue Bonds, Series 2017A
	Subordinate Airport Revenue Bonds, Series 2017B
Date of Issuance:	August ___, 2017
CUSIP:	79739G____

NOTICE IS HEREBY GIVEN that the San Diego County Regional Airport Authority (the "Authority") has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated August ___, 2017, executed by the Authority for the benefit of the holders and beneficial owners of the above referenced bonds. The Authority anticipates that the Annual Report will be filed by _________, 20__.

Dated:_____________________

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By: ____
Authorized Representative

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption "—General" below has been provided by DTC. The Authority makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Subordinate Series 2017 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE AUTHORITY NOR THE SUBORDINATE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SUBORDINATE SERIES 2017 BONDS UNDER THE SUBORDINATE INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SUBORDINATE SERIES 2017 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE TO THE OWNERS OF THE SUBORDINATE SERIES 2017 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SUBORDINATE SERIES 2017 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Subordinate Series 2017 Bonds. The Subordinate Series 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Subordinate Series 2017 Bond certificate will be issued for each maturity of the Subordinate Series 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Subordinate Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Subordinate Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Subordinate Series 2017 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Subordinate Series 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Subordinate Series 2017 Bonds, except in the event that use of the book-entry system for the Subordinate Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Subordinate Series 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Subordinate Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Subordinate Series 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Subordinate Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Subordinate Series 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Subordinate Series 2017 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Subordinate Series 2017 Bond documents. For example, Beneficial Owners of Subordinate Series 2017 Bonds may wish to ascertain that the nominee holding the Subordinate Series 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Subordinate Series 2017 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Subordinate Series 2017 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Subordinate Series 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Subordinate Series 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Subordinate Series 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority, the Subordinate Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Subordinate Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Subordinate Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Subordinate Series 2017 Bonds at any time by giving reasonable notice to the Authority or the Subordinate Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Subordinate Series 2017 Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Subordinate Series 2017 Bonds will be printed and delivered to DTC.

The information in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SUBORDINATE SERIES 2017 BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

Draft – June 14, 2017

Ms. Kimberly Becker
President and CEO
San Diego County Regional Airport Authority
3225 North Harbor Drive
San Diego, CA 92101

Subject: ***Financial Feasibility Report - San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A and Series 2017B***

Dear Ms. Becker:

Unison Consulting, Inc. ("Unison") is pleased to submit the attached Financial Feasibility Report regarding the proposed issuance by the San Diego County Regional Airport Authority (the "Authority") of its Subordinate Airport Revenue Bonds, Series 2017A and Series 2017B (collectively, the "Series 2017 Bonds") in the approximate aggregate principal amount of $_____ million. The Series 2017 Bonds are being issued as subordinate lien bonds. The proceeds of the Series 2017 Bonds will be used to (i) fund a portion of the costs of certain capital projects included in the Authority's capital program; (ii) repay a portion of the outstanding Subordinate short term obligations; (iii) fund a reserve fund; (iv) pay capitalized interest; and (v) pay costs of issuance of the Series 2017 Bonds.

The Series 2017 Bonds are being issued as Subordinate Obligations under and subject to the terms of the Master Subordinate Trust Indenture, dated as of September 1, 2007 (the "Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association (the "Subordinate Trustee"), and a Fifth Supplemental Subordinate Trust Indenture, dated as of _____ 1, 2017 (the "Fifth Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee. The Series 2017 Bonds are special obligations of the Authority, secured by and payable from the Authority's Subordinate Net Revenues and certain funds and accounts held by the Subordinate Trustee.

Until January 2003, San Diego International Airport ("SAN", or the "Airport") was owned and operated by the San Diego Unified Port District. In January 2003, the Airport was transferred by long-term lease to the Authority, which now operates the Airport. SAN is the main commercial service airport serving the City of San Diego and the San Diego metropolitan area.

During the Authority's FY 2016[1], the Airport enplaned approximately 10.2 million passengers. The FAA classifies SAN as a large-hub airport, a category that includes airports enplaning 1.0 percent or more of annual domestic enplanements. Based on calendar year 2015 data (the most recent data available), the Airports Council International – North America ("ACI-NA") ranked SAN 27th in the nation in terms of total passengers served, 41st in the nation in terms of total aircraft movements, The Airport is located approximately three miles northwest of downtown San Diego.

Purpose of the Bond Financing

The Authority maintains a five-year capital program that is designed to preserve regulatory compliance, critical infrastructure functions and Airport access. Additionally, the capital program seeks to enhance safety, customer service, cost savings and revenue opportunities. The Authority's current five-year capital program (the "Capital Program") includes projects to be completed in FY 2018 through FY 2022 at an estimated cost of approximately $1.2 billion. The Capital Program includes, among other projects, the new Terminal 2 Parking Plaza (consisting of a three-story public parking structure, to contain approximately 2,900 parking spaces, located across from Terminal 2), a new Federal Inspection Services (FIS) facility, and various other airfield, terminal and landside projects.

The Series 2017 Bonds are being issued to finance approximately $321.0 million in costs of the Capital Program. The costs of the Authority's Capital Program are expected to be funded from the following sources in addition to the Series 2017 Bonds: (i) Future General Airport Revenue Bonds (GARBs) anticipated to be issued in the second half of calendar year 2018 (the "Series 2018 Bonds"); (ii) Authority funds; (iii) Passenger Facility Charges ("PFCs"); (iv) FAA Airport Improvement Program ("AIP") grants; (v) the proceeds of previously issued Series 2010 Bonds and Series 2013 Bonds; (vi) rental car Customer Facility Charges ("CFCs"), including proceeds from the special facility bonds issued in 2014 that are secured by CFC collections; and (vii) anticipated electric energy grants to fund electrical vehicle supply equipment.

Rate Covenants

Under the Master Senior Indenture, the Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues at least equal to the following amounts: (a) the aggregate annual debt service on any outstanding Senior Bonds; (b) the required deposits to any Senior Debt Service Reserve Fund; (c) the reimbursement owed to any credit provider or liquidity provider as required by a Supplemental Senior Indenture; (d) the interest on and principal of any indebtedness other than Outstanding Senior Bonds, including Subordinate Obligations; and (e) payments of any reserve requirement for debt service for any indebtedness other than Outstanding Senior Bonds, including Subordinate Obligations.

The Authority has also covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues at least equal to 125 percent of aggregate annual debt service on the Outstanding Senior Bonds. This provision is known as the "Senior Rate Covenant."

[1] The Authority's Fiscal Year (FY) begins on July 1 and ends on June 30 of the following year.

Under the Master Subordinate Indenture, the Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues at least equal to the following amounts: (a) the Aggregate Annual Debt Service required to be funded in each Fiscal Year on any Outstanding Subordinate Obligations; (b) the required deposits to any Subordinate Debt Service Reserve Fund; (c) the reimbursement owed to any credit provider or liquidity provider as required by a Supplemental Subordinate Indenture; (d) the interest on and principal of any indebtedness other than Special Facility Obligations, senior lien revenue bonds and Outstanding Subordinate Obligations, including obligations issued with alien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations; (e) payments of any reserve requirement for debt service for any indebtedness other than senior bonds and Outstanding Subordinate Obligations, including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations.

The Authority has also covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues at least 110 percent of Aggregate Annual Debt Service on the Outstanding Subordinate Obligations. This provision is known as the "Subordinate Rate Covenant."

Airline Operating and Lease Agreement

The Authority collects landing fees, terminal rentals, aircraft parking fees, security surcharges, FIS facilities charges, and other fees from the airlines operating at the Airport to support the operation and maintenance of the facilities used by the airlines. The Authority has entered into separate, but substantially similar, Airline Operating and Lease Agreements (the "Airline Agreements") with the air carriers operating at SAN (the "Signatory Airlines"). The Airline Agreements cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SAN. The Airline Agreements have a term commencing on July 1, 2013 and terminating on June 30, 2018, unless terminated earlier pursuant to their terms. The Signatory Airlines and the Authority have begun negotiating a new airline operating and lease agreement, which the Authority expects to be effective on July 1, 2018. The financial analyses and projections in this section assume that the new airline operating and lease agreement will have substantially the same rate making provisions as included in the current Airline Agreements.

The calculation methodologies for the airline rates and charges, as specified in the current Airline Agreements, include a cost center residual methodology for the landing fee and a cost center compensatory methodology for the terminal rental rate. The calculations for the projected landing fee and the terminal rental rate during the forecast period are presented later in this section. The airline revenue projections presented in this section reflect the current airline rate methodology.

Report Organization

Unison has prepared the attached Report to evaluate the ability of the Authority to meet the financial requirements established by the Master Senior Indenture and Master Subordinate

Indenture. The following summary of the components of the attached Report provides an overview of the comprehensive analysis performed:

- **Section 1** describes the Authority and the Airport, and describes the Authority's Capital Program and associated funding plan.
- **Section 2** defines the Airport's air service area and discusses the local economic base.
- **Section 3** analyzes the historical aviation activity at the Airport and presents forecasts of future aviation activity.
- **Section 4** reviews the framework for the financial operation of the Authority, including key provisions of the Master Senior Indenture and the Master Subordinate Indenture. This section also reviews the recent historical financial performance of the Authority, and examines the ability of the Authority to meet the obligations of the Master Senior Indenture and the Master Subordinate Indenture.

Assumptions

The analysis and forecasts contained in the attached Report are based upon certain data, estimates, and assumptions that were provided by the Authority, and certain data and projections from other independent sources as referenced herein. The attached Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions. In our opinion, the data, estimates, and assumptions used in the report are reliable, and provide a reasonable basis for our forecast given the information available and circumstances as of the date of this Report. However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, the actual results achieved may vary from the forecasts, and the variations could be material.

The major assumptions utilized in the attached Report are listed below:

1. The Authority will complete the projects listed in the Capital Program, including the projects to be funded with the proceeds of the Series 2017 Bonds, within the budgeted costs and according to the estimated schedule.
2. Following the expiration of the current airline lease agreement on June 30, 2018, a new airline lease agreement with substantially similar terms will become effective on July 1, 2018, and the current airline rates and charges methodology will continue throughout the forecast period.
3. The forecasts of aviation activity presented in the Report were developed using a modeling approach that links long-term air traffic activity to projected trends in key demand drivers. A multivariate regression model was developed that relates enplanements to long-term demand drivers such as regional economic trends, national economic trends, and trends in the price of air travel at the Airport. The model is

consistent with sound economic theory, is well-supported by empirical trends, and passes statistical evaluation.

4. The Authority will continue to apply approximately $30.0 million of annual PFCs toward a portion of debt service on Senior Bonds and Subordinate Obligations in each Fiscal Year during the forecast period.

Findings and Conclusions

Based upon the assumptions and analysis presented in the attached Report, we forecast that the Authority will be able to comply with the rate covenant provisions of the Master Senior Indenture, the Master Subordinate Indenture, while maintaining a reasonable airline cost per enplaned passenger. Specifically, we conclude the following:

- Debt service coverage calculated according to the Senior Rate Covenant is projected to equal at least 3.63 times debt service during the forecast period.
- Debt service coverage calculated according to the Subordinate Rate Covenant is projected to equal 2.12 times debt service in FY 2018 and then equal at least 2.44 times debt service during the remainder of the forecast period.
- The airline cost per enplaned passenger is projected to remain reasonable during the forecast period. SAN's airline cost per enplanement is projected to increase from $10.71 in FY 2017 to a high of $14.92 in FY 2022, before decreasing to $14.70 in FY 2023.
- PFC revenues are projected to increase from $41.5 million in FY 2017 to $46.6 million in FY 2023. The PFC fund balance is projected to increase from $33.7 million in FY 2018 to $69.0 million in FY 2023.
- Under the low enplanement forecast scenario, the senior debt service coverage and the subordinate debt service coverage are projected to remain well above the minimum requirements throughout the forecast period. The projected airline cost per enplanement under the low enplanement forecast scenario is projected to remain under $16.00 during the forecast period, and the PFC fund balance is projected to increase from $31.3 million in FY 2018 to $53.4 million in FY 2023.

Based on the above, we conclude that it is financially feasible for the Authority to proceed with the issuance of the Series 2017 Bonds.

Sincerely,

UNISON CONSULTING, INC.

FINANCIAL FEASIBILITY REPORT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Prepared by:

UNISON Consulting, Inc.

Draft – June 14, 2017

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Section 1 Introduction and Capital Program

This Report considers the financial feasibility of the issuance of the San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A and Series 2017B (collectively, "the Series 2017 Bonds"). The proceeds of the Series 2017 Bonds will be used to (i) fund a portion of the cost of certain capital projects included in the Capital Program of the San Diego County Regional Airport Authority (the "Authority"), for capital improvements at the San Diego International Airport ("SAN" or the "Airport"); (ii) repay a portion of the outstanding Subordinate short term obligations; (iii) fund a reserve fund; (iv) pay capitalized interest; and (v) pay certain costs of issuance of the Series 2017 Bonds.

This Report is organized into the following sections:

- Section 1 describes the Authority, the Airport, the Capital Program, and the funding plan for the Capital Program.
- Section 2 defines the Airport's air service area and discusses the local economic base.
- Section 3 analyzes the historical aviation activity at the Airport and presents forecasts of future aviation activity.
- Section 4 reviews the Airline Agreement including the airline rates and charges methodology and the framework for the financial operation of the Authority. This section also reviews the recent historical financial performance of the Authority, and examines the ability of the Authority to generate sufficient Net Revenues and Subordinate Net Revenues in each year of the forecast period to meet the obligations of the Master Senior Indenture and the Master Subordinate Indenture.

1.1 The San Diego County Regional Airport Authority

The Authority is a local governmental entity of regional government, with jurisdiction extending throughout the County of San Diego (the "County") and is responsible for the operation of the Airport. SAN operates as a commercial service airport and served approximately 20.4 million total passengers during the Authority's Fiscal Year ("FY") ended June 30, 2016 ("FY 2016").

The San Diego County Regional Airport Authority Act, codified in California Public Utilities Code Section 170000 et seq. (the "Act"), established the Authority. The Authority was created as an independent agency to manage the day-to-day operations of the Airport and to address the region's long-term air transportation needs. Effective January 1, 2003, the operations and assets of the Airport were transferred from the San Diego Unified Port District (the "Port District") to the Authority. The legislation that created the Authority mandates the following three main responsibilities for the Authority: (1) operate the Airport; (2) plan for the future air transportation needs of the region; and (3) serve as the region's Airport Land Use Commission, and thereby ensure the adoption of land use plans that protect public health and safety surrounding all 16 of the County's airports.

The Authority is governed by a nine-member board of directors (the "Board") representing all areas of the County, and three additional members serving as non-voting, ex-officio board members. Board members serve three year terms and may be reappointed. The Act specifies the appointment of the members of the Board as follows: the Mayor of the City of San Diego appoints three members (two of which are subject to confirmation by the City Council); the Chair of the County of San Diego Board of Supervisors appoints two members (subject to confirmation by the Board of Supervisors); the mayors of the east county cities (El Cajon, Lemon Grove, La Mesa and Santee) appoint one member; the mayors of the north county coastal cities (Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach) appoint one member; the mayors of the north county inland cities (Poway, Escondido, Vista and San Marcos) appoint one member; and the mayors of the south county cities (Coronado, Imperial Beach, Chula Vista and National City) appoint one member. Two ex-officio non-voting members serving as the District Director of the State Department of Transportation for the San Diego region and the Department of Finance representative for the State Lands Commission, are appointed by the Governor of the State of California. A representative of the United States Navy and the United States Marine Corps provides an additional non-voting ex-officio member.

The Authority holds public meetings of the full Board once a month and periodic meetings of several standing committees. The standing committees, which were formed to better address key policy areas and develop items for consideration by the full Board, include the following: Executive Committee; Executive Personnel and Compensation Committee; Finance Committee; Audit Committee; and Capital Improvement Program Oversight Committee.

Kimberly Becker was appointed Authority President and CEO/Executive Director ("President/CEO") effective May 1, 2017. Ms. Becker has overall responsibility for the management, administration, and planning of the Authority, its annual budget and approximately 410 employees. Ms. Becker has an experienced staff to aid her in carrying out the responsibilities of the position, including the vice presidents who head the various Authority divisions. The President/CEO, Chief Auditor, and General Counsel are appointed by the Board.

1.2 San Diego International Airport

The Airport serves a region that includes San Diego County, portions of Orange, Riverside and San Bernardino Counties and the northern portion of Baja California, Mexico. The Airport is the main commercial service airport in the County and the San Diego metropolitan area. During the Authority's FY 2016[1], the Airport enplaned approximately 10.206 million passengers. The FAA classifies SAN as a large-hub airport, a category that includes airports enplaning 1.0 percent or more of annual domestic enplanements. Based on calendar year 2015 data (the most recent data available), the Airports Council International – North America ("ACI-NA") ranked SAN 27th in the nation in terms of total passengers served, 41st in the nation in terms of total aircraft movements,

[1] The Authority's Fiscal Year (FY) begins on July 1 and ends on June 30 of the following calendar year.

and 29th in terms of total cargo processed. Covering 661 acres, the Airport is located three miles northwest of downtown San Diego, adjacent to U.S. Interstate 5 and the San Diego Bay.

The operations and improvements at SAN are funded by airport user charges, rents, Passenger Facility Charges ("PFCs"), bond funds, rental car Customer Facility Charges ("CFCs"), and funds received from the Federal Aviation Administration ("FAA") and the Transportation Security Administration ("TSA"). No general tax fund revenues are used to operate or maintain the Airport.

1.2.1 Airfield

SAN is the busiest single-runway commercial airport in the nation, based on passenger levels. The Airport was originally dedicated as the "San Diego Municipal Airport – Lindbergh Field" on August 16, 1928. It became the first federally certified airfield to serve all aircraft types, including seaplanes, in 1934. The Airport's infrastructure was improved after the U.S. Army Air Corps took over the Airport in 1942 to support the military's war efforts during World War II. Improvements included the construction of an 8,750-foot runway, which has since been expanded to 9,401 feet. In addition to the runway, the airfield includes one taxiway on the south side of the runway (Taxiway B) and a series of taxiways on the north side of the runway, including Taxiway C. The airfield also includes ancillary taxiways that provide runway and terminal access, and aprons that provide aircraft parking.

Conditions at SAN make the addition of a runway difficult. Obstacles to runway expansion include significant geographic obstructions, including high terrain to the northeast and southwest of the Airport, as well as manmade obstructions, such as office buildings, to the northeast, east, and southeast of the Airport. Other obstacles to runway expansion include major land acquisition requirements, extensive infrastructure impacts, local resident opposition, and increased noise impacts. However, airfield capacity is not expected to be a limiting factor within the forecast period of this Report, as discussed in Section 3. In addition to the restrictions to the physical capacity of the Airport's airfield, there are direct restrictions on operations relating to noise abatement. See Section 3 for a further discussion of these constraints.

1.2.2 Passenger Terminals

The Airport has two passenger terminals (Terminal 1 and Terminal 2), which together contain a total of 51 gates, consisting of 19 gates in Terminal 1 and 32 gates in Terminal 2. Terminal 1 opened in March 1967. Terminal 2 consists of Terminal 2 East, with 13 jet gates, and Terminal 2 West, with 19 jet gates. Terminal 2 East opened in July 1979. Terminal 2 West, which originally opened in 1998, was expanded in August 2013. The baggage claim for all of Terminal 2 (East and West) is located in Terminal 2 West. In March 2015, the Authority completed its Concessions Development Program (CDP), which involved completely revamping the shopping and dining options in the passenger terminals. The Authority began implementing the CDP after its master concession agreement with one master concessions operator expired in November 2012. The CDP increased the number of shops and restaurants from 55 to 83, and involved the introduction of local San Diego offerings, including Phil's BBQ, Saffron, and Warwick's of La Jolla, among others. In 2015, *Airport Revenue News* honored SAN with five awards in the category of airports with between five and 10 million annual enplanements, including "Best Overall Concessions Program."

1.2.3 Landside Facilities

The Airport offers the following public parking options:

- Terminal Lots 1 and 2 are located directly across from Terminals 1 and 2, respectively. These lots are intended for short-term parking, with a daily maximum rate of $32. A portion of the Terminal Lot 2 is closed during the construction of the Terminal 2 Parking Plaza, which began in 2016 and is scheduled to be completed in the summer of 2018. During construction, the Terminal Lots 1 and 2 together provide 2,151 public parking spaces, with 1,122 spaces in Terminal Lot 1 and 1,029 spaces in Terminal Lot 2. The Terminal 2 Parking Plaza is planned to provide approximately 2,900 additional parking spaces.
- The Long Term Lot is located on Harbor Drive and is serviced by free shuttle bus service. This lot provides 1,098 long-term parking spaces with a daily rate of $20.
- The Economy Lot, located on the north side of the airfield and accessed from Pacific Highway, also provides long-term parking (1,517 spaces) and is serviced by free shuttle bus service. The daily rate is $13.
- A free cell phone lot (97 spaces) is located east of the Authority administration offices.
- Valet parking is available (456 spaces), with curb-side drop-off in front of Terminals 1 and 2. The daily rate for valet parking is $40 ($35 with advance reservation).

Roadway access to the Airport is via two independent entrance roadways for Terminal 1 and Terminal 2, both from North Harbor Drive. The Airport terminal roadway system includes a one-level roadway for Terminal 1 and a two-level roadway for Terminal 2, which separates departing and arriving passengers.

1.2.4 Other Facilities

The north airfield area contains various other facilities, including: an air traffic control tower; an Airport Rescue and Fire Fighting ("ARFF") facility; a cargo ramp; a fuel farm; a receiving and distribution center for food, beverage, retail and other goods; a Rental Car Center (RCC) that houses the rental car companies in a single building and which includes a 5,400-space parking garage; a Fixed Base Operator (FBO) facility, which includes a terminal, a ramp, and five hangars; and associated roadways, including a roadway linking the Northside with the passenger terminals, for rental car and parking shuttle buses. The Authority's administration offices are located in the building on the south of the airfield that previously housed the commuter terminal.

1.3 Capital Program Estimated Costs and Funding Plan

The Authority maintains a five-year capital program that is designed to preserve regulatory compliance, critical infrastructure functions and Airport access. Additionally, the capital program seeks to enhance safety, customer service, cost savings and revenue opportunities.

1.3.1 Estimated Costs

The Authority's current five-year capital program (the "Capital Program") includes projects to be completed in FY 2018 through FY 2022 at an estimated cost of $1.2 billion. The Capital Program includes, among other projects, the new Terminal 2 Parking Plaza (consisting of a three-story public parking structure containing approximately 2,900 additional parking spaces, located across from Terminal 2), a new Federal Inspection Services (FIS) facilities, and various other airfield, terminal and landside projects. The projects within the Capital Program that are estimated to cost over $20.0 million are described below. Together, these projects comprise approximately $829.3 million of the $1.2 billion Capital Program.

Terminal 2 West FIS Buildout: $229.5 million

Construction of a new, 130,000 square-foot FIS to accommodate increased demand by improving the aircraft parking positions, introducing an independent gate environment for international flights, and enhancing the processing experience for passengers with reduced wait times. Features of the new facility include a second baggage claim and more queuing space in the lower level reclaim hall, as well the newest processing technologies introduced by Customs and Border Protection. The New FIS will be able to process 1,000 passengers per hour compared to the 350 per hour in the current FIS. Phase 1 of this project will open in the Summer of 2018.

Terminal 2 West Parking Plaza: $127.8 million

Construction of a three-story Parking Plaza with approximately 2,900 parking stalls in front of Terminal 2. When it opens in summer 2018, the Parking Plaza will provide a net increase of nearly 1,700 parking stalls over today's surface parking. The Parking Plaza will enhance customer service by integrating state-of-the-art parking technology that will enhance the ability of customers to find available parking spaces, reserve spaces in advance, and streamline payment.

Fuel Rack Relocation/Hydrant Fueling: $51.4 million

Relocation of six truck fueling stations to two new locations: one near Terminal 2 West and one near Liberator Way. Additionally, this project will extend hydrant fueling lines to new FIS Gates 47 – 51 and provide gate hydrant fueling. This will provide greater fueling efficiency for larger aircraft used on international flights.

Stormwater/Condensate Reuse: $50.2 million

Construct facilities for the collection and treatment of stormwater and potential reuse for irrigation, cooling tower, terminal gray water, and Rental Car Center car wash facilities. Retention of 100% of stormwater is a regulatory requirement.

Northside Remain Overnight (RON) Parking – Phase 1: $40.4 million

Construction of five new Group III Remain Overnight concrete parking positions, which will enable access to the existing cargo facilities while the new North Cargo Facility is being constructed.

Construct Taxiway "A": $36.9 million

Construction of a new taxiway to provide simultaneous opposing direction taxi traffic on Taxiway B, as well as providing access to terminal facilities planned under the Airport Development Plan (ADP).

Rehabilitate Runway 9/27: $33.9 million

Rehabilitation of Runway 9/27, with a three-inch mill and overlay of the runway pavement, to extend the useful life of the airfield. Safety for night operations will be enhanced by replacing current incandescent lighting with LED lights.

Facilities Maintenance Department Shops, Storage & Offices: $33.3 million

Construction of a new Facilities Maintenance Department campus on the Northside. The project includes seven shop buildings, 12 portable trailers, storage containers, offices, a warehouse, and parking.

Airline Provisioning and Belly Cargo: $32.2 million

Construction of new airline provisioning and cargo facilities on the Southside, to include airfield paving and fencing, parking, and a new multi-use building.

Airline Maintenance Facility: $31.0 million

Construction of a facility on the Northside, with airfield access, to service airline support equipment. The project includes an industrial building, a parking lot, utilities, lighting, and fencing.

Bus Parking, Propane/CNG Rack & Ground Transportation Operations: $30.7 million

Relocation of bus parking and ground transportation operations to the Northside. The project includes new asphalt paving, service buildings, and a fueling facility.

Relocate Taxiway "B": $30.0 million

Relocate Taxiway "B" in order to provide standard separation clearance for Group V aircraft. This improves airfield safety by eliminating the need for mid-field runway crossings by larger aircraft when taxiing.

Replace/Refurbish Passenger Boarding Bridges: $29.4 million
Evaluate and update current condition assessment and refurbish or replace 38 bridges phased over a four-year period in order minimize impact to operations.

Airline Relocations at Terminal 1 West and Terminal 2 East: $25.0 million
Relocation of domestic carriers in Terminal 1 West and Terminal 2 East, reconfiguration of back offices, construction of a new baggage service office and additional checkpoint lane in Terminal 2 East.

Northside Utility Infrastructure (Phase 2): $24.3 million
Construction of new common site infrastructure: utilities (water, sewer, gas, electric, and communications), roads, exterior lighting, AOA gate and fencing. This will support new facilities including Airline Maintenance, Busing Operations, Airport Parking, and Northside Cargo.

Northside Remain Overnight Parking – Phase II: $23.3 million
Construct three new Group III Remain Overnight concrete parking positions. This phase is to be constructed after cargo operators occupy the new North Cargo Facility.

The estimated costs of the Capital Program by fiscal year, and grouped by cost center, are presented on Table 1-1.

Table 1-1: Estimated Capital Program Costs

	Prior to	Fiscal Years Ending June 30						
	June 30, 2017	2017	2018	2019	2020	2021	2022	Total
Terminal								
Replace/Refurbish Boarding Bridges	$0	$1,274,407	$1,200,000	$21,360,593	$5,565,000	$0	$0	$29,400,000
Airline Relocation T1W, T2E	-	500,000	14,900,000	9,599,900	100	-	-	25,000,000
HVAC Modernization	-	3,098,548	15,897,269	150,000	-	-	-	19,145,817
ADP Projects	-	-	11,161,661	501,862	-	-	-	11,663,523
Other Terminal Projects	6,865,047	11,313,482	41,986,849	17,019,156	4,380,200	336,262	-	81,900,996
Total Terminal	$6,865,047	$16,186,437	$85,145,779	$48,631,511	$9,945,300	$336,262	$0	$167,110,336
Landside								
Terminal 2 West Parking Plaza	8,848,175	35,778,582	65,493,495	17,679,749	-	-	-	127,800,001
North Side Utility Infrastructure (Phases 1 & 2)	17,665,814	149,145	8,500,000	15,779,700	-	-	-	42,094,659
Bus Parking, Propane/CNG Rack, GT Ops	-	-	3,200,000	27,499,550	-	-	-	30,699,550
Terminal Link Road	16,011,029	586,235	-	-	-	-	-	16,597,264
ADP Projects	-	-	4,422,552	193,023	-	-	-	4,615,575
Other Landside Projects	18,161,557	14,178,845	33,869,708	12,466,247	1,016,000	1,490,600	163,220	81,346,177
Total Landside	$60,686,575	$50,692,807	$115,485,755	$73,618,269	$1,016,000	$1,490,600	$163,220	$303,153,227
Airside								
Fuel Rack Relcoation & Hydrant Fueling FIS Gates	-	-	8,600,000	17,100,000	17,100,000	8,633,275	-	51,433,275
Stormwater/Condensate Reuse	-	-	10,300,000	36,300,000	3,596,850	-	-	50,196,850
Northside RON Parking - Phase I	-	-	21,600,000	18,765,850	-	-	-	40,365,850
Construct Taxiway A (2021-22)	-	-	-	-	200,000	3,400,000	33,300,000	36,900,000
Rehabilitate Runway 9-27 Wing / Keel Pavement	4,989	1,420,318	21,482,363	10,992,330	-	-	-	33,900,000
Airline Provisioning & Belly Cargo	-	-	11,100,000	16,000,000	5,085,810	-	-	32,185,810
Airline Maintenance Facility	-	-	2,900,000	27,500,000	622,705	-	-	31,022,705
Relocate Taxiway B Phase II	-	-	-	-	-	200,000	29,800,000	30,000,000
Northside RON Parking - Phase II	-	-	5,200,000	18,082,300	-	-	-	23,282,300
Rehabiltate Cross Taxiways (B - C) & CT Apron	5,439	855,510	11,740,000	6,199,051	-	-	-	18,800,000
Rehab Terminal 2 Apron Pavement (2019-20)	-	-	-	1,395,000	10,217,670	4,976,530	-	16,589,200
ADP Projects	-	-	1,807,764	77,209	-	-	-	1,884,973
Other Airside Projects	4,184,379	6,281,920	28,888,854	26,473,127	3,624,581	-	1,723,450	71,176,312
Total Airside	$4,194,807	$8,557,748	$123,618,982	$178,884,867	$40,447,616	$17,209,805	$64,823,450	$437,737,275
Ancillary								
T2W FIS Build-Out	-	16,105,851	117,891,000	90,919,485	4,557,878	-	-	229,474,214
Other Ancillary Projects	33,667	238,519	2,084,664	15,826,167	438,230	-	-	18,621,247
Total Ancillary	$33,667	$16,344,370	$119,975,664	$106,745,652	$4,996,108	$0	$0	$248,095,461
Administrative								
Facility Maint. Dept Shops, Storage and Offices	-	-	2,600,000	27,800,000	2,928,350	-	-	33,328,350
Other Administrative Projects	3,162,661	3,055,322	11,411,302	-	-	800,000	-	18,429,284
Total Administrative	$3,162,661	$3,055,322	$14,011,302	$27,800,000	$2,928,350	$800,000	$0	$51,757,634
Total Costs	$74,942,757	$94,836,683	$458,237,481	$435,680,299	$59,333,375	$19,836,667	$64,986,670	$1,207,853,932

Source: Authority records.

1.3.2 Funding Plan

The estimated funding sources of the Capital Program, presented on Table 1-2, are the following:

- The Series 2017 Bonds (approximately $321.0 million in project funding). The major projects to be funded with the Series 2017 Bonds are the Terminal 2 West Parking Plaza (included in the Landside cost center) and the Terminal 2 West FIS Buildout (included in the Ancillary cost center).
- Future General Airport Revenue Bonds (GARBs) anticipated to be issued in the second half of calendar year 2018 (the "Series 2018 Bonds"). The Authority anticipates funding approximately $353.2 million in capital costs with the Series 2018 Bonds. The estimated debt service is included in the financial analysis presented in Section 4.
- Authority funds. Authority funds are those moneys generated from Airport operations and available after all of the Authority's financial obligations pursuant to the flow of funds specified in the Master Senior Indenture and the Master Subordinate Indenture are satisfied. The Airline Agreement allows the Authority to include amortization charges in the airline rates and charges to reimburse the Authority for capital project costs paid from Authority funds. The financial analysis in Section 4 incorporates the amortization charges projected to be incorporated into the airline rate base, as projects funded with Authority funds are completed. The Authority plans to apply approximately $296.1 million in Authority funds to the Capital Program.
- Passenger Facility Charges ("PFCs"). The Port District initially received approval from the FAA to impose a $3.00 PFC at SAN. The approval for the PFC was transferred by the FAA to the Authority, effective January 1, 2003. On May 20, 2003, the FAA approved the Authority's PFC application to increase the charge per enplaned passenger from $3.00 to $4.50 beginning August 1, 2003. The Authority has received approval from the FAA, pursuant to eight separate applications (five of which were later amended by the Authority, with the approval of the FAA), to collect and use a PFC on each enplaning passenger at SAN totaling approximately $1.549 billion. The Authority's funding plan includes approximately $88.4 million in PFCs to be applied to eligible project costs in the Capital Program.
- FAA Airport Improvement Program ("AIP") grants, including AIP entitlement grants and AIP discretionary grants. AIP entitlement funds are apportioned by formula each year to individual airports or types of airports. AIP discretionary funds are awarded by the FAA based on eligible projects' priority as determined by the FAA through the application of its National Priority System ("NPS"). The NPS uses a combination of quantitative and qualitative factors to evaluate projects with highest priority given to projects to enhance airport safety and security. The funding plan for the Authority's capital program incorporates approximately $54.2 million in AIP entitlement and discretionary funds for eligible project costs.
- Other sources, as follows:

- Prior bond proceeds (approximately $11.7 million), which were spent on capital costs incurred prior to June 30, 2017.
- Customer Facility Charges (CFCs). The rental car companies that operate at SAN collect and remit to the Authority a per-day CFC (up to a maximum of five days). In accordance with a multi-year CFC rate schedule, the daily CFC rate increased from $6.00 to $7.50 beginning January 1, 2014 and to $9.00 beginning January 1, 2017. The CFC collections are being used to pay debt service on the special facility bonds that were issued in 2014 to finance the Rental Car Center (RCC) and the cost of other capital projects related to the RCC, including the common use transportation system. The funding plan includes approximately $61.3 million in CFC funding for capital projects related to the RCC, including roadway and infrastructure improvements. The CFC funding includes proceeds from the special facility bonds issued in 2014 (which were all expended prior to June 30, 2017).
- The Authority is applying for electric energy grants to fund electrical vehicle supply equipment. The grants are anticipated to be awarded under the funding that the car maker Volkswagen is required to provide in California to support zero-emission vehicles with charging stations and other promotional efforts such as advertising about the benefits of electric cars. The funding is part of a larger settlement negotiated by state and federal officials as a result of the Volkswagen diesel emissions lawsuit. The Authority estimates receiving approximately $7.4 million in grant funding for eligible costs.
- Budget savings resulting from project bid amounts that have totaled approximately $14.3 million less than the original project budget.

As mentioned above, the major projects to be funded with the Series 2017 Bonds are the Terminal 2 West Parking Plaza and the Terminal 2 West FIS Buildout. Figure 1-1 presents an aerial view of the Airport, and indicates the location of the Terminal 2 Parking Plaza. Figure 1-2 displays a diagram of the layout of the Terminal 2 Parking Plaza. A rendering of the exterior of the Terminal 2 West FIS Buildout is depicted on Figure 1-3.

Table 1-2: Estimated Capital Program Funding Sources

Cost Center	Series 2017 Bonds	Series 2018 Bonds [1]	Authority Funds	PFCs [2]	AIP Grants	Other Sources [3]	Total
Terminal	$10,000,000	$11,866,875	$126,932,524	$12,751,495	$3,000,000	$2,559,441	$167,110,335
Landside	130,000,000	59,529,155	40,437,719	-	-	73,186,353	303,153,227
Airside	32,027,640	230,371,763	69,422,243	35,697,478	51,200,000	19,018,150	437,737,274
Ancillary	149,000,000	18,138,230	40,957,231	40,000,000	-	-	248,095,461
Administrative	-	33,328,350	18,429,284	-	-	-	51,757,634
Total	$321,027,640	$353,234,374	$296,179,001	$88,448,973	$54,200,000	$94,763,944	$1,207,853,931

[1] Future Senior Lien bonds anticipated to be issued in the second half of calendar year 2018.
[2] PFCs anticipated to be applied on a Pay-As-You-Go basis.
[3] This funding category includes proceeds of previously issued bonds; Customer Facility Charges (CFCs); anticipated electric energy grants to fund electrical vehicle supply equipment; and anticipated budget savings.

Figure 1-1: San Diego International Airport

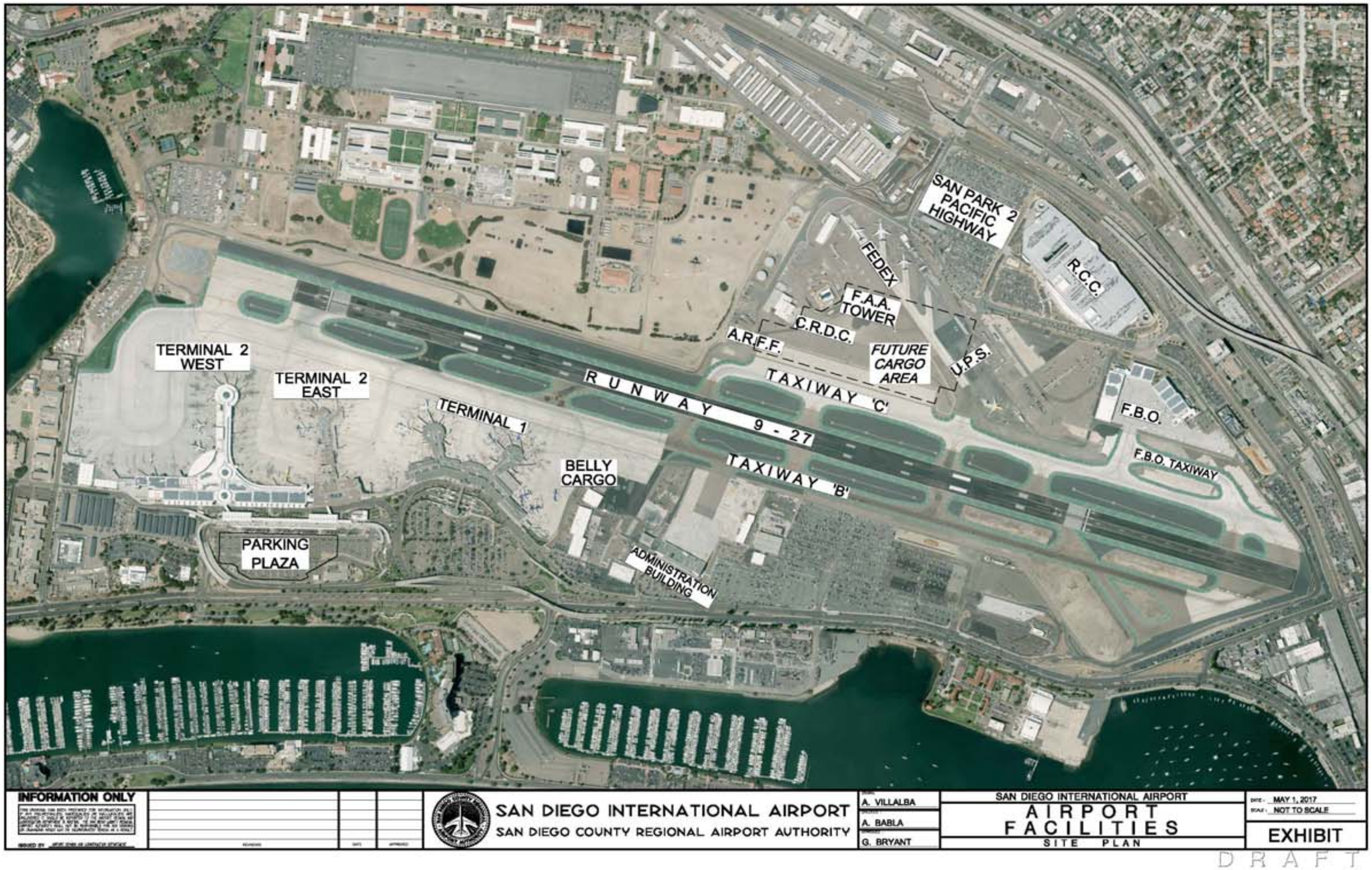


Figure 1-2: Layout of Terminal 2 Parking Plaza

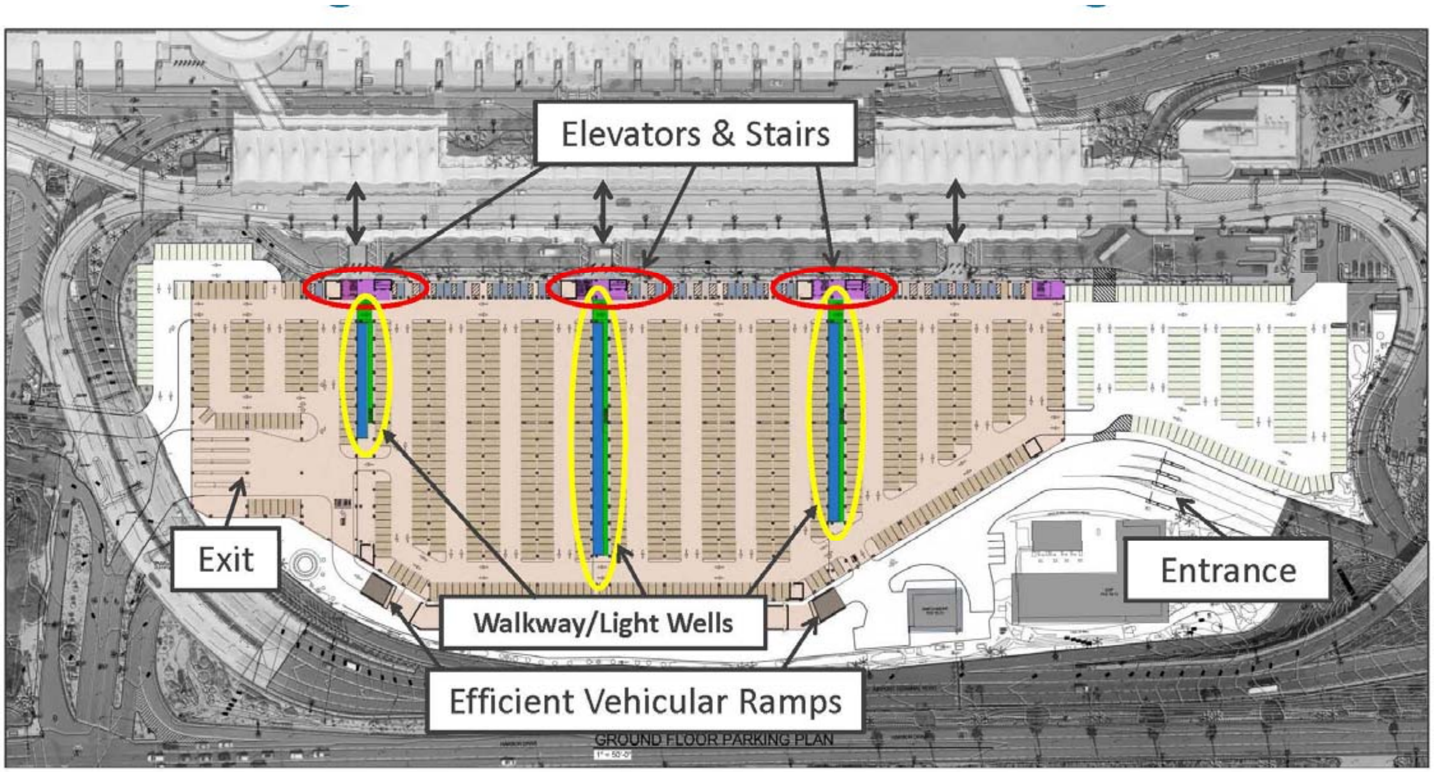


Figure 1-3: Terminal 2 West FIS Buildout

Section 2 Economic Base

Demographic and economic trends influence the demand for air travel at SAN, which largely serves origin and destination (O&D) passenger traffic.[2] Economic trends in the Airport's air service area and in California contribute to the area's ability to generate local demand for air travel and to draw visitors to the region. National trends in the economy also contribute to the growth in the Airport's passenger traffic: (1) they determine demand for air travel nationwide (particularly for leisure travel, which is a significant driver for SAN's passenger traffic; and (2) they influence regional demographic and economic trends. This section discusses relevant demographic and economic trends in the Airport service area, California and the United States. It also provides an assessment of the outlook for the air service area, California and national economies.

The Airport's air service area is the San Diego-Carlsbad, CA, Metropolitan Statistical Area (the San Diego MSA), which consists of San Diego County. The San Diego MSA and the entire state of California have been growing rapidly since the mid-2000s. Suffering only a mild setback from the most recent national recession in 2008-2009 (the "Great Recession"), the San Diego MSA and California economies have been outperforming the national economy. Both the San Diego MSA and California economies are expected to continue growing, driven by technology firms and the following industry sectors: education and health services, leisure and hospitality, and professional and business services.

The San Diego MSA has a diverse population of 3.3 million people that, on average, are relatively younger, more highly educated, and more affluent than the rest of the nation. San Diego's population is the nation's 17th largest among MSAs and the fifth largest among counties. San Diego's $220 billion economy is also diverse, with no one industry sector making up more than 17 percent of employment, and forward looking, with a large footprint in biotech and other innovative industries. If San Diego were a state, its large economy would rank 26th in the nation. All these attributes help position San Diego for continued prosperity.[3]

2.1 Air Service Area

The San Diego MSA is located in Southern California, adjacent to the U.S.-Mexico border (Figure 2-1).[4] This location makes the San Diego MSA ideal for international commerce and business on the west coast. Covering 4,526 square miles, the MSA includes the following cities: Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach and Vista. The MSA's two principal cities are San Diego and Carlsbad.

[2] O&D passenger traffic refers to passenger trips originating or ending at the airport.
[3] Ray Major, "It's not 2016 anymore…," *The San Diego Union Tribune*, February 19, 2017.
[4] Office of Management and Budget, "Revised Delineations of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations in These Areas," OMB Bulletin No. 13-01, February 28, 2013, <http://www.whitehouse.gov/sites/default/files/omb/bulletins/2013/b-13-01.pdf>.

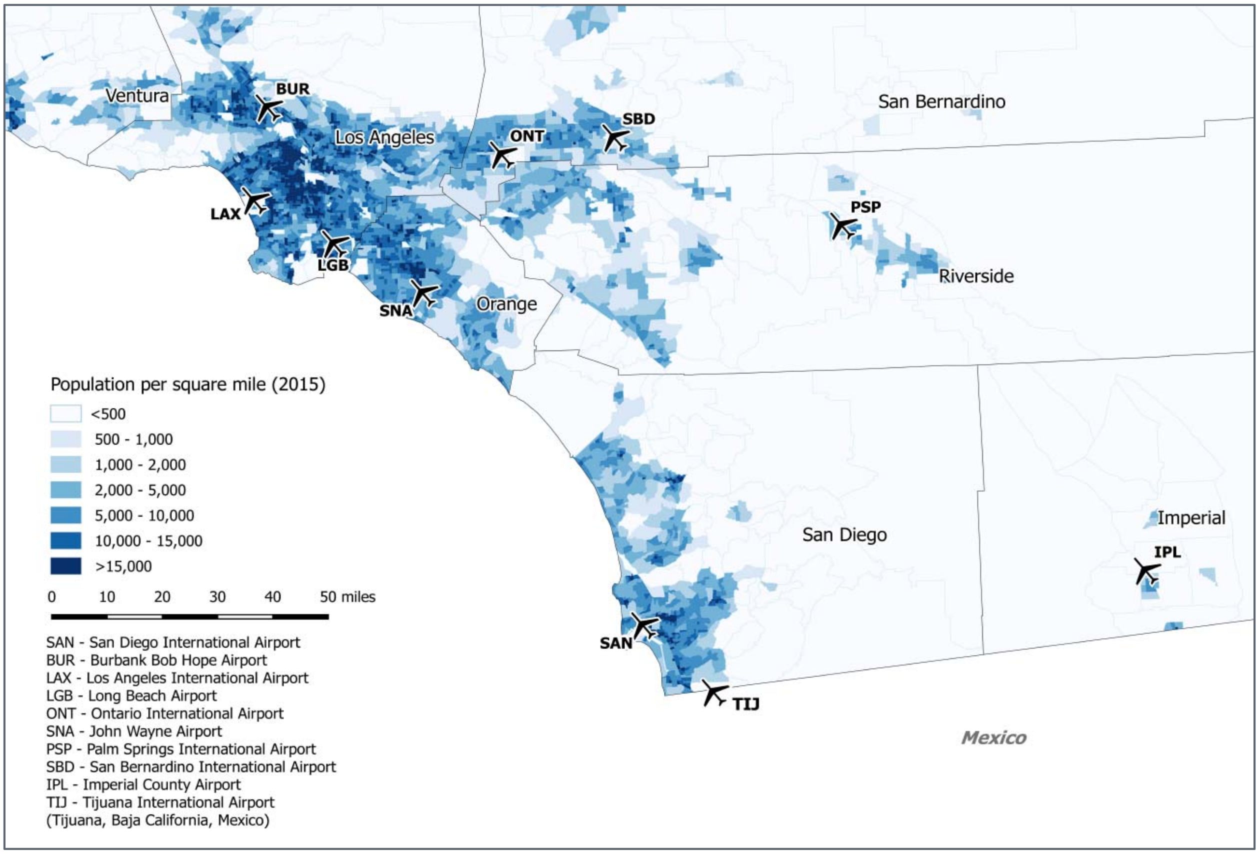
Figure 2-1: California County Map and the San Diego-Carlsbad MSA

Source: Unison Consulting, Inc.

Located in downtown San Diego, SAN is the only major commercial service airport within the San Diego MSA. McClellan-Palomar Airport ("CRQ"), which is located 34 miles north of SAN in Carlsbad (within the San Diego MSA), is designated as a commercial service airport, but it has not had scheduled passenger service since January 2016. CRQ mainly provides air taxi and general aviation service. Outside the San Diego MSA, there are eight U.S. airports that provide commercial service located within 150 road miles (a two- to three-hour drive), as shown on Figure 2-2 and Table 2-1. The closest is John Wayne Airport ("SNA") in Orange County, California (87 road miles from SAN). SNA is a smaller airport than SAN, both in airport capacity (it has capacity constraints) and passenger traffic. Further north in Los Angeles County is the Los Angeles International Airport (LAX), Southern California's largest commercial airport and California's largest international gateway. The other U.S. commercial service airports within 150 road miles of SAN with reported enplaned passengers in 2016 are Ontario International Airport, Burbank Bob Hope Airport, Long Beach Airport, and Palm Springs International Airport. Imperial County Airport has scheduled passenger service provided by one commuter airline, with flights to LAX.[5] Effective June 29, 2017, San Bernardino International Airport will have scheduled commercial service provided by Volaris, with flights to Guadalajara, Mexico.

[5] No enplanements were reported to the FAA for Imperial County Airport in 2016, possibly because the activity was below the minimum reporting requirement.

Figure 2-2: Commercial Service Airports Within 150 Road Miles of SAN



Sources: Unison Consulting, Inc. Population by census tract obtained from U.S. Census Bureau's American Community Survey, 2015 estimates.

Table 2-1: U.S. Commercial Service Airports Within 150 Road Miles of SAN

Airport	CY 2016 Enplanements (Thousands) [1]	City	State	Distance from SAN: Miles	Distance from SAN: Drive Time
Los Angeles International Airport	40,566	Los Angeles	CA	125	2 hours, 10 minutes
John Wayne Airport	5,244	Santa Ana	CA	89	1 hour, 35 minutes
Ontario International Airport	2,123	Ontario	CA	115	2 hours
Burbank Bob Hope Airport	2,070	Burbank	CA	134	2 hours, 40 minutes
Long Beach Airport	1,428	Long Beach	CA	106	1 hour, 55 minutes
Palm Springs International Airport	1,002	Palm Springs	CA	144	2 hour, 20 minutes
Imperial County Airport [2]	--	Imperial	CA	119	2 hours
San Bernardino International Airport [3]	--	San Bernardino	CA	111	1 hour, 55 minutes

[1] In comparison, SAN had approximately 10,350 enplanements in CY 2016.

[2] Mokulele Airlines provides commuter airline service to LAX. However, the Imperial County Airport website does not report enplanement statistics, and no enplanements were reported to the FAA in 2016 (possibly because the activity was below the minimum reporting requirement).

[3] Volaris is scheduled to begin commercial service to Guadalajara, Mexico on June 29, 2017.

Sources: Enplanements obtained from statistical reports posted on the airports' respective websites; distance and drive time estimates obtained from Google Maps.

Tijuana Rodriguez International Airport (TIJ). located 24 miles south of SAN, in Tijuana, Mexico, primarily serves the Mexican domestic market.[6] In December 2015, the Cross Border Express (CBX) opened. The CBX is an enclosed pedestrian skybridge connecting a facility on the U.S. side of the border with the main TIJ passenger terminal (located on the Mexican side of the border). The skywalk is only accessible to ticketed TIJ passengers who have boarding passes for flights departing within 24 hours or having arrived within 2 hours. Passengers arriving from Mexico are required to go through U.S. Customs & Border Protection, and passengers traveling to Mexico are required to pass through Mexican Customs & Border Protection. In FY 2016, enplaned passengers who flew from SAN to destinations in Mexico (approximately 128,000) represented approximately 1.25 percent of total SAN enplaned passengers. Although sufficient statistics are not yet available to fully evaluate the effect of CBX on the level of air traffic from SAN to destinations in Mexico, the effect on total enplanements at SAN is likely not significant, as discussed more fully in Section 3.

2.2 Population

The San Diego MSA population offers a large and rapidly growing market for air travel. With a population of 3.3 million in 2016, it was the fourth largest MSA in California (Table 2-2) and the seventeenth largest in the country—larger than the metropolitan areas of Tampa, Denver and St. Louis. Since 2000, the MSA's population has grown an average of 1 percent a year, slightly faster than the national population growth rate of 0.9 percent per year. California's population growth rate over the same period averaged 0.9 percent per year, slightly slower than the San Diego MSA's pace. Between 2000 and 2016, the San Diego MSA population increased 17 percent, compared with 15 percent for the state of California and 15 percent for the United States (Figure 2-3).

In 2016, the San Diego MSA population accounted for 8.5 percent of the state population. The San Diego MSA is the fourth largest MSA in the state —behind the Los Angeles, San Francisco and Riverside MSAs.

San Diego County has the second highest county population in California, after Los Angeles County and the fifth largest in the United States (Figure 2-4).

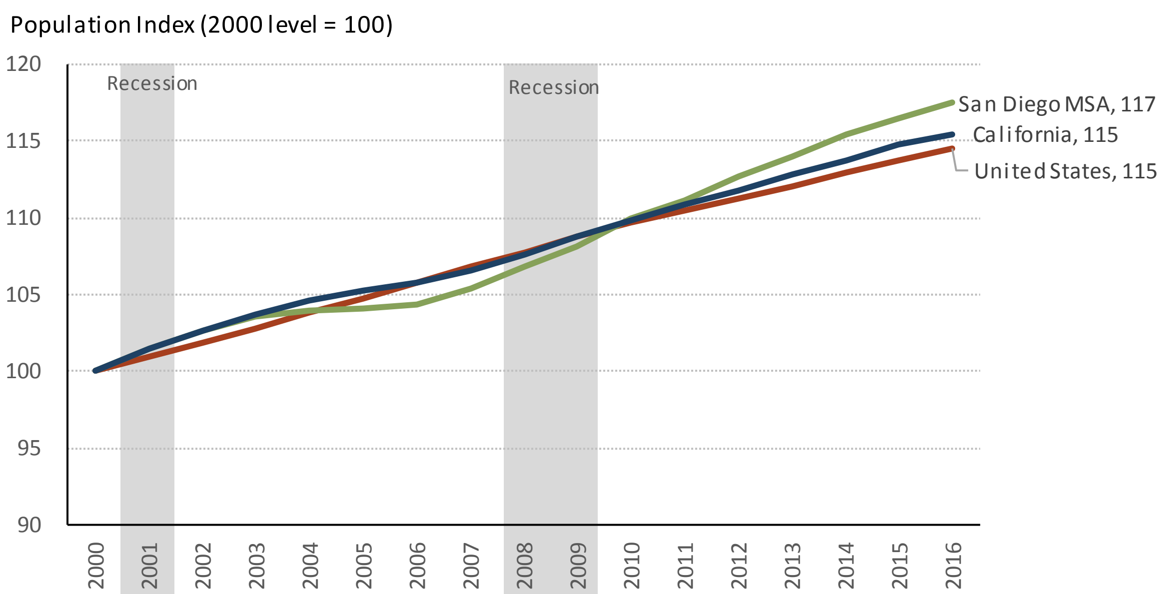
[6] According to statistics published by GOBmx, more than 98.6 percent of TIJ's FY 2016 passenger traffic was domestic Mexican traffic. Of the international passenger traffic, approximately 71 percent of passengers from TIJ flew to Shanghai, China and 25 percent flew to Oakland, California. TIJ also serves as a refueling stop for flights from Mexico City to Japan.

Table 2-2: California State and MSA Population (2016)

Area	Population	State Rank
California State Total	39,250,017	-
Los Angeles-Long Beach-Santa Ana MSA	13,310,447	1
San Francisco-Oakland-Fremont MSA	4,679,166	2
Riverside-San Bernardino-Ontario MSA	4,527,837	3
San Diego-Carlsbad-San Marcos MSA	**3,317,749**	**4**
Sacramento-Arden-Arcade-Roseville MSA	2,296,418	5
San Jose-Sunnyvale-Santa Clara MSA	1,978,816	6
Fresno MSA	979,915	7
Bakersfield MSA	884,788	8
Oxnard-Thousand Oaks-Ventura MSA	849,738	9
Stockton MSA	733,709	10

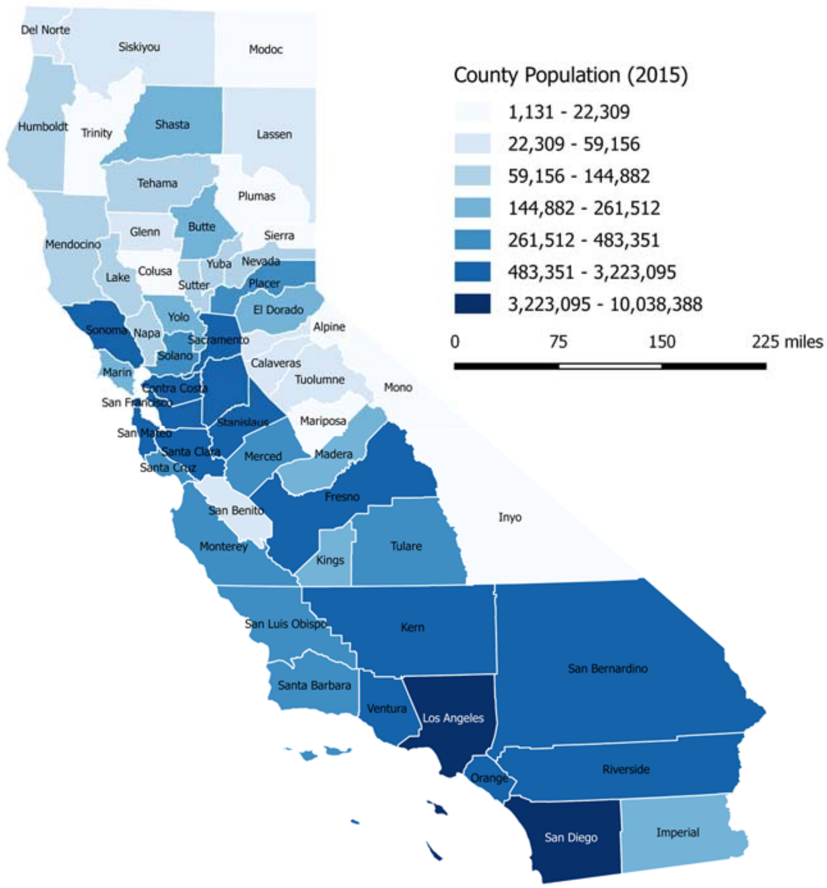
Source: U.S. Census Bureau mid-year population estimates.

Figure 2-3: Population Growth



Source: U.S. Census Bureau mid-year population estimates.

Figure 2-4: California County Population Map, 2015



Sources: Unison Consulting, Inc. Population and U.S. Census Bureau's American Community Survey, 2015 population estimates.

Approximately 23 percent of the San Diego MSA population is foreign born.[7] Foreign born individuals from Mexico represent the largest share of the total foreign born population in the MSA (45 percent), and they represent approximately 11 percent of the total San Diego MSA population. The next largest group of immigrants is the group of foreign born individuals from Asia, representing approximately 37 percent of total foreign born individuals and 9 percent of the total San Diego MSA population. Immigrants from Europe constitute approximately 8 percent of total foreign born individuals, and 2 percent of the total San Diego MSA population. The significant percentage of foreign born individuals in the San Diego MSA may explain at least part of the

[7] Migration Policy Institute tabulation of data from the U.S. Census Bureau's pooled 2011-2015 American Community Survey. The terms "foreign born" or "immigrant" refer to individuals residing in the U.S. who were not U.S. citizens at birth.

demand for international travel at SAN. However, as discussed above, enplaned passengers who fly from SAN to destinations in Mexico (the country of origin for 45 percent of all foreign born individuals in the San Diego MSA) represent a very small percentage of total SAN enplanements (1.25 percent in FY 2016). This is likely due to the lower airfares at TIJ, which provide an incentive for individuals traveling to destinations in Mexico to start their trip from TIJ.

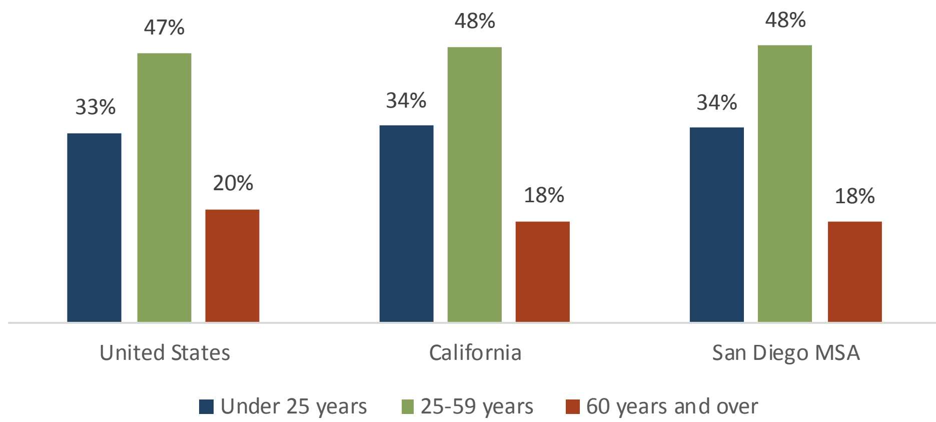
The San Diego MSA and the Mexican municipalities of Tijuana, Rosarito Beach, and Tecate comprise an international metropolitan region that spans the U.S.-Mexico border. The region's 2015 population totaled approximately 5.0 million, with 3.3 million people in the San Diego MSA and 1.7 million people on the Mexican side of the border.[8] The region's total population makes it one of the largest shared metropolitan areas between the U.S. and another country, second only to the Detroit-Windsor region that spans the U.S.-Canada border. Data from the U.S. Department of Transportation and the U.S. Department of Homeland Security show that in 2015 there were approximately 39.7 million person trips across the U.S.-Mexico border (by bus, train, or personal vehicle) utilizing the three Ports of Entry[9] between the San Diego MSA and the adjacent municipalities in Mexico.[10] In March 2017 the mayors of San Diego and Tijuana signed a memorandum of understanding that pledged to strengthen cooperation between the two cities. The cross border traffic and the close economic and cultural ties between the San Diego MSA and the adjacent Mexican municipalities are indications of the economic vitality of the international metropolitan region.

2.3 Age Characteristics

The age distribution of the San Diego MSA population is similar to the age distribution of the state of California population. Compared to the nation's population, the San Diego MSA's population is younger, with a greater proportion of its population under 25 and a smaller proportion that are 60 and older (Figure 2-5). This is one advantage that may help the San Diego MSA economy continue growing faster than the national economy.

[8] Based on data from US Census Bureau and CONAPO (Consejo Nacional de Población, gob.mx).
[9] The following three Ports of Entry provide access between the San Diego MSA and the adjacent municipalities in Mexico: San Ysidro, Otay Mesa, and Tecate.
[10] From the U.S. Department of Transportation, Bureau of Transportation Statistics, Border Crossing/Entry Data; and data from U.S. Department of Homeland Security, Customs and Border Protection, OMR database.

Figure 2-5: Population Age Distribution, 2011-2015



Source: U.S. Bureau of the Census, 2011-2015 American Community Survey 5-Year Estimates.

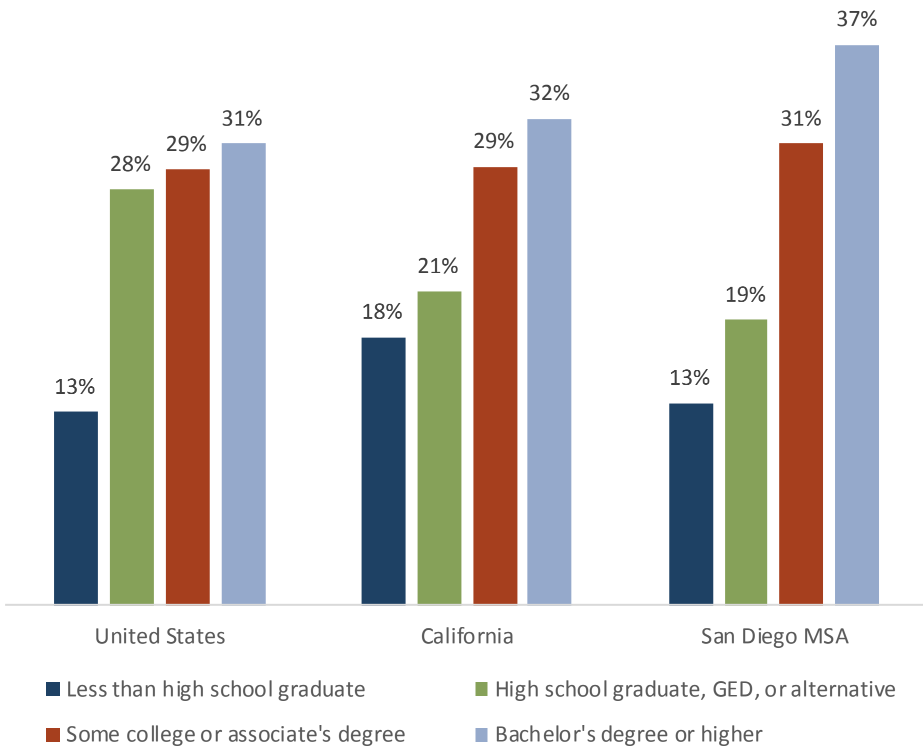
2.4 Educational Attainment

A well-educated work force is important for economic diversification and long-term growth. Well-educated populations adapt better to changing skill requirements, while driving innovation and productivity.[11] One study shows that areas with higher education attainment have higher productivity.[12] Areas with higher educational attainment also tend to have higher incomes and greater employment levels.[13] They attract fast-growing knowledge-based industries that bring high-income jobs—in turn, attracting highly educated workers.

Relative to the nation and the state, the San Diego MSA has a considerably higher share of college and graduate degree holders among residents 25 and older, and a lower share of residents with a high school diploma or less education (Figure 2-6).

[11] Enrico Moretti, *The New Geography of Jobs*, Houghton Mifflin Harcourt, 2012.
[12] J.R. Abel and T.M. Gabe, "Human capital and economic activity in urban America," *Regional Studies* 45(8), 2011, page 1079-1090.
[13] L. Wolf-Powers, *Predictors of Employment Growth and Unemployment in US Central Cities*, W.E. Upjohn Institute, 2013, <http://research.upjohn.org/up_workingpapers/199/>.

Figure 2-6: Educational Attainment of Population 25 Years and Older, 2011-2015



Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates.

Companies in knowledge-based industries prefer to locate in areas with a large pool of well-educated young workers, as do start-ups and young firms.[14] The San Diego MSA's higher education attainment levels likely exceed the state and nation because of the many technology and life sciences companies that attract highly educated and young workers to the area.

[14] Joe Cortright, "The Young and the Restless and the Nation's Cities," *CityReport*, October 2014, <http://cityobservatory.org/wp-content/uploads/2014/10/YNR-Report-Final.pdf>.

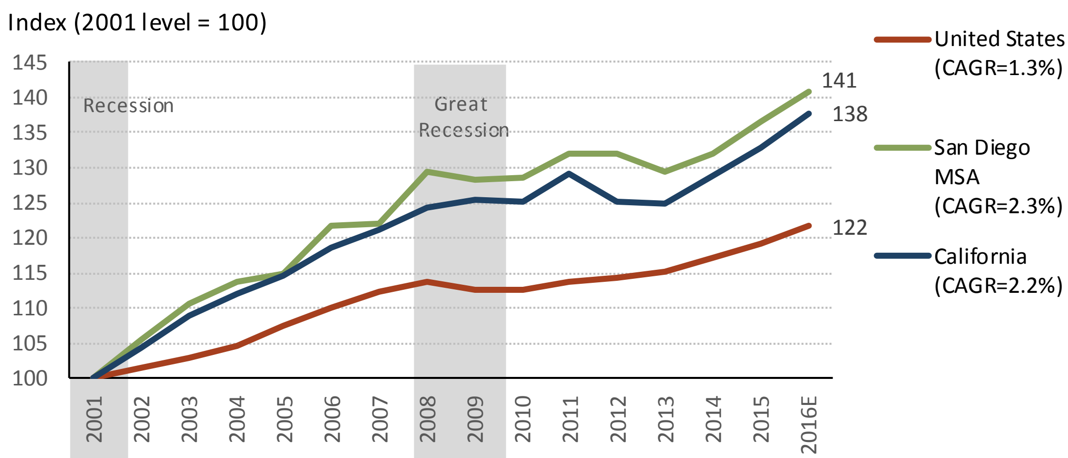
2.5 Labor Market

Trends in the labor market reflect business conditions and overall economic well-being—factors that influence the demand for air travel. Employment growth reflects the pace of economic growth. Employment typically decreases during an economic recession and increases during recovery and expansion. Employment needs to grow to raise living standards, boost consumer confidence, and increase consumer spending.

This sub-section reviews several key labor market indicators—number of business establishments, employment in all business establishments, civilian labor force, employed civilian labor force, and unemployment rate. All of these indicators show above-average growth in the MSA and in California since 2000.

Job creation begins with business development, which has progressed much more rapidly in the San Diego MSA and California than in the entire nation (Figure 2-7). The San Diego MSA has consistently exceeded or closely tracked the state in business establishment growth. In 2016, the number of business establishments in the San Diego MSA had increased 41 percent from 2001, above California's 38 percent increase and well ahead of the United States' 22 percent growth.

Figure 2-7: Growth of Business Establishments

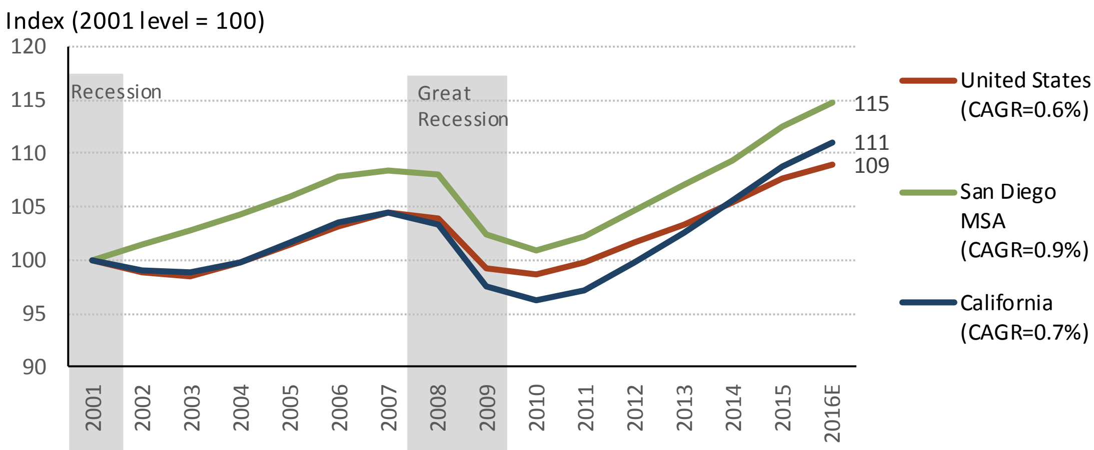


CAGR – Compound average growth rate
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
The 2016 estimates are averages based on preliminary data through 2016Q3.

Figure 2-8 shows the trends in the number of jobs, which grew at a slower rate than the number of business establishments. Jobs are vulnerable to economic downturns; they decreased following the two recessions since 2001 and took a long time to recover after each recession.

From 2001 to 2016, job growth in the San Diego MSA and in California proceeded faster than national growth. The number of employees in all business establishments increased 15 percent in the MSA and 11 percent in California, faster than the 9 percent growth nationwide.

Figure 2-8: Growth in Number of Employees in All Business Establishments

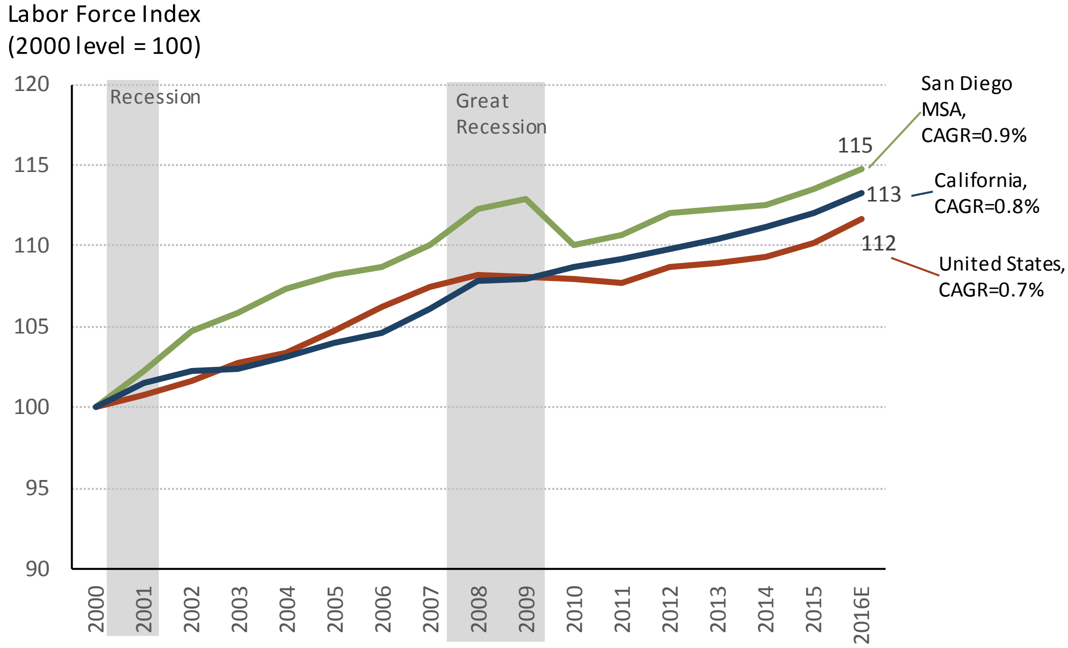


CAGR – Compound average growth rate
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.
The 2016 estimates are averages based on preliminary data through 2016Q3.

Civilian labor force data complete the picture on the labor market conditions by tracking residents of working age (16 years and older), who are either employed, or unemployed but actively seeking employment. The data count all types of civilian employment, including agricultural, non-agricultural, and self-employment. They allow measurement of the unemployment rate, which is the proportion of the unemployed in the labor force.

People follow jobs, which have increased faster in the San Diego MSA and in California than in most other places in the nation. From 2000 to 2016, the labor force expanded 15 percent in the San Diego MSA and 13 percent in California, while expanding only 12 percent nationwide (Figure 2-9).

Figure 2-9: Civilian Labor Force

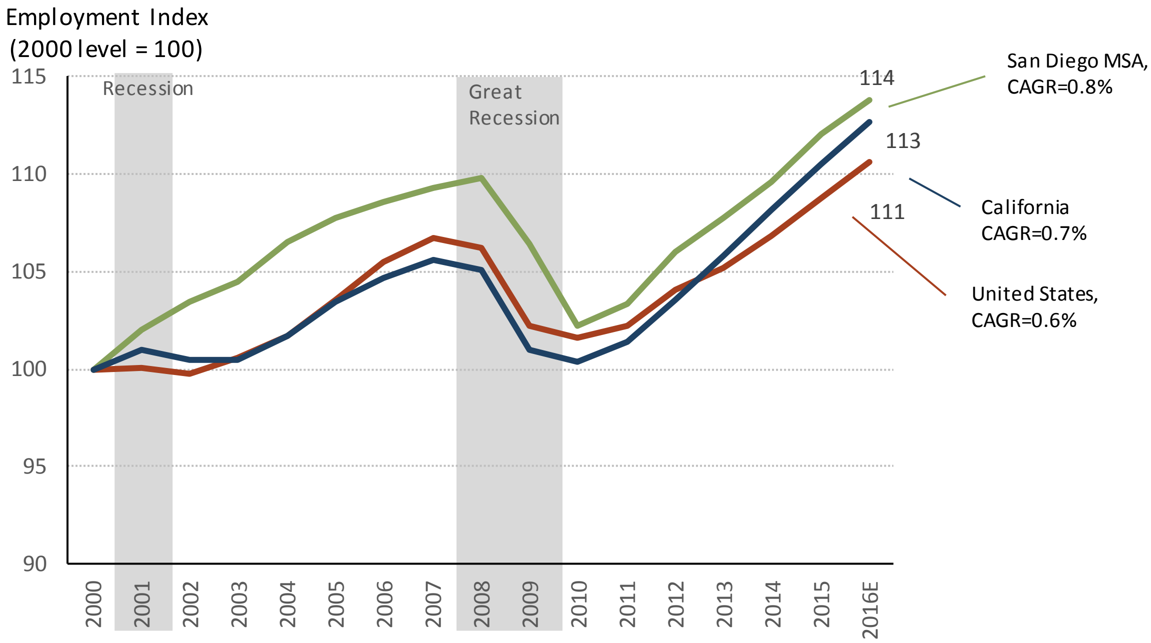


CAGR – compound average growth rate
Source: U.S. Bureau of Labor Statistics, Current Population Survey and Local Area Unemployment Statistics.
For the San Diego MSA, the 2016 estimates are averages based on preliminary December data.

Figure 2-10 shows the trends in employment, counting members of the civilian labor force who are employed, from 2000 to 2016. Despite the drop in the employed labor force during the Great Recession, the San Diego MSA has consistently maintained higher rates of growth in its employed labor force level. From 2000 to 2016, employment increased 14 percent in the MSA and 13 percent in California, while increasing 11 percent nationally.

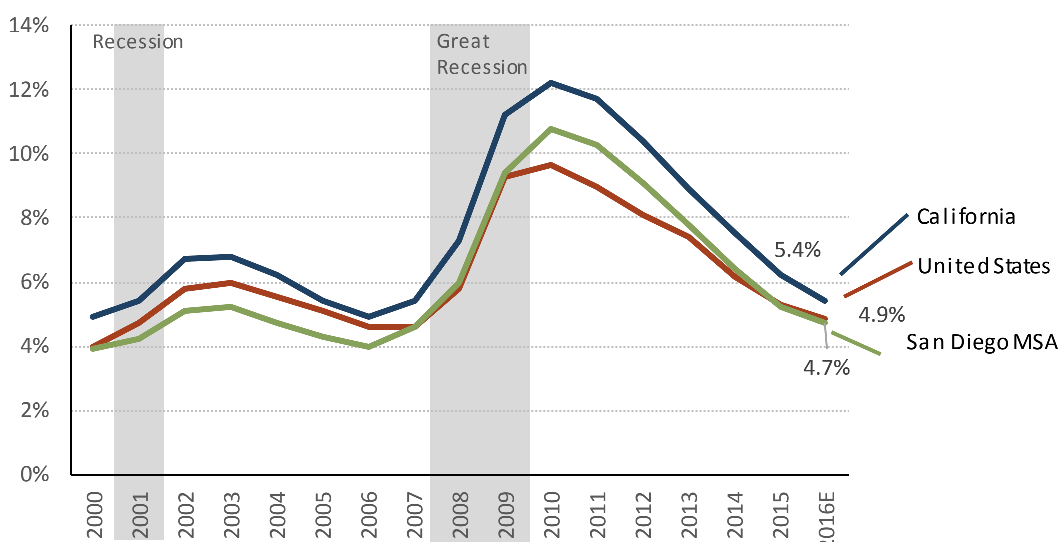
Overall, the San Diego MSA and state unemployment rates followed national trends—rising through the recessions and the early years of economic recovery. While California's unemployment rate has consistently exceeded the national unemployment rate since 2000, the San Diego MSA's unemployment rate has fallen below the national unemployment rate in most years, including the last two years (Figure 2-11).

Figure 2-10: Employed Civilian Labor Force



CAGR – compound average growth rate
Source: U.S. Bureau of Labor Statistics, Current Population Survey and Local Area Unemployment Statistics.
For the San Diego MSA, the 2016 estimates are averages based on preliminary December data.

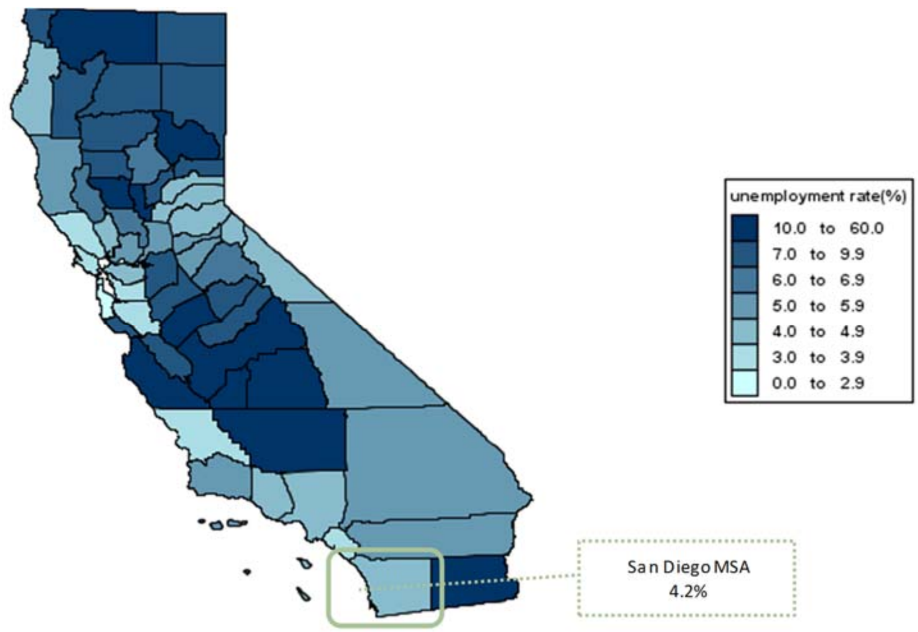
Figure 2-11: Unemployment Rate



Source: U.S. Bureau of Labor Statistics, Current Population Survey and Local Area Unemployment Statistics.
For the San Diego MSA, the 2016 estimates are averages based on preliminary December data.

In 2017, the San Diego MSA continues to enjoy lower unemployment rates than the state and the nation. Figure 2-12 shows that the San Diego MSA's unemployment rate was 4.2 percent in February 2017—lower than the national unemployment rate of 4.7 percent or the statewide unemployment rate of 5 percent in the same month. San Diego's unemployment rate was lower than the unemployment rates in most other counties in California.

Figure 2-12: California County Unemployment Rate Map, February 2017

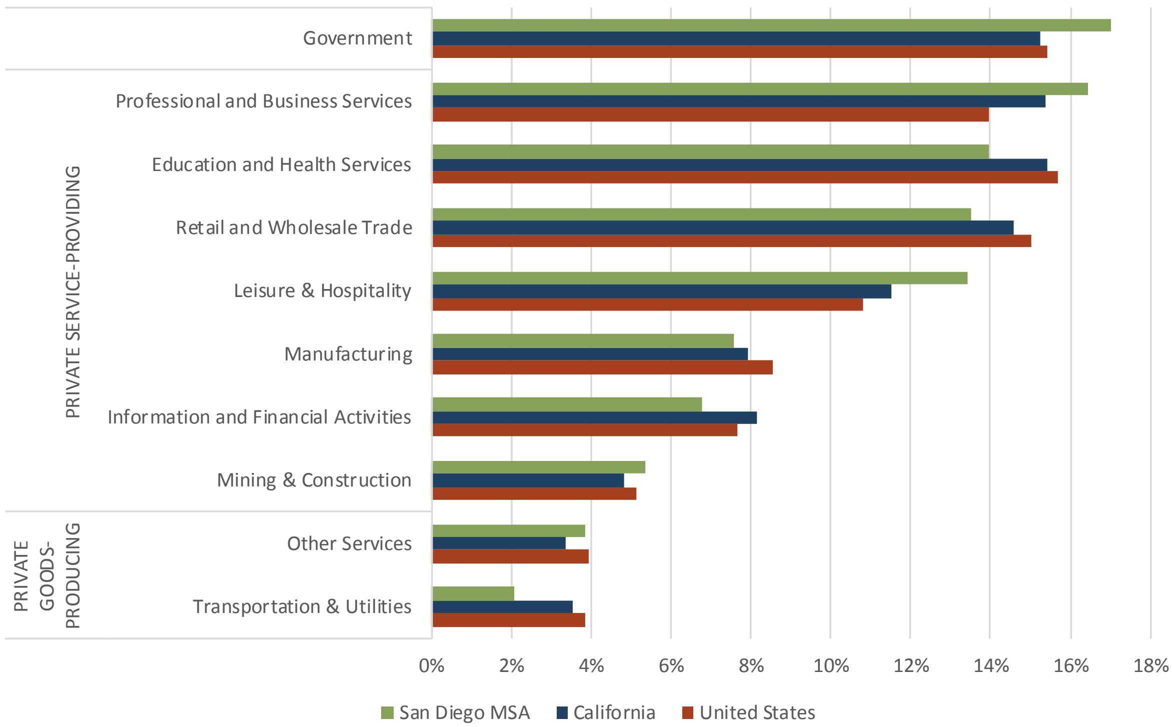


Source: U.S. Bureau of Labor Statistics, *Unemployment Rate by State*, not seasonally adjusted, February 2017.

2.6 Employment by Industry

Figure 2-13 shows that employment in the San Diego MSA is spread among a number of industries. Compared to the nation, however, the San Diego MSA has much larger employment concentrations in the following: *professional and business services*; *government; education and health services;* and *leisure and hospitality*. The San Diego MSA has lower employment concentrations in the following: *information and financial activities*; *manufacturing;* and *transportation and utilities*.

Figure 2-13: Employment Share by Industry



Source: U.S. Bureau of Labor Statistics.

The four largest industry sectors are *government* and three private service-providing sectors: *professional and business services*, *education and health services, and retail and wholesale trade*. In 2016, these four sectors accounted for 61 percent of nonfarm employment in the San Diego MSA and in California, while accounting for 60 percent of the nation's nonfarm employment.[15]

Since 2000, the three fastest growing industry sectors in the San Diego MSA have been *education and health services*, *leisure and hospitality*, and *professional and business service*s (Figure 2-14). The MSA has gained jobs in all but the following three industry sectors: *mining and construction*, *information and financial activities*, and *manufacturing*. Since 2010, however, these three sectors have been gaining jobs along with all the other sectors, indicating a broad-based employment recovery (Figure 2-15). Since 2010, *mining and constructio*n has replaced *education and health services* as the fastest growing industry sector in the San Diego MSA.

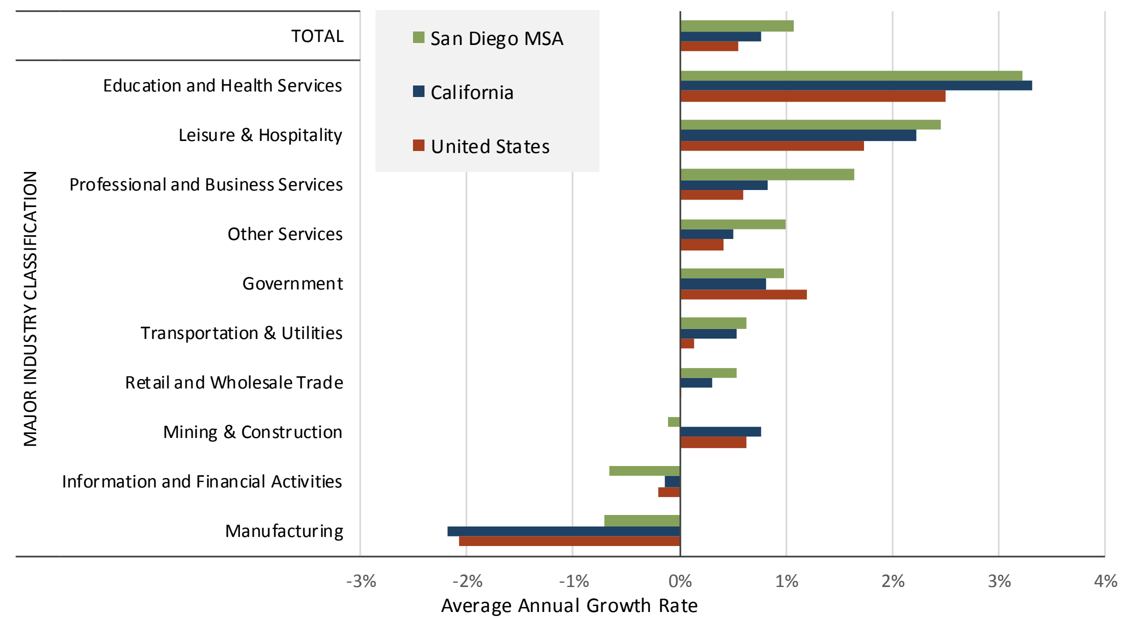
Manufacturing experienced the largest decline in employment since 2000 in the San Diego MSA, the state, and the nation. Manufacturing jobs have been moving to other countries where labor and other business costs are lower—a trend that began shortly after the North American Free Trade

[15] Government employment includes civilian workers within the Federal Government's Department of Defense. However, military personnel are not included in the data.

Agreement (NAFTA) of 1994 and has continued with global trade liberalization. However, the San Diego MSA has lost manufacturing jobs at less than half the rate of the state and the nation.

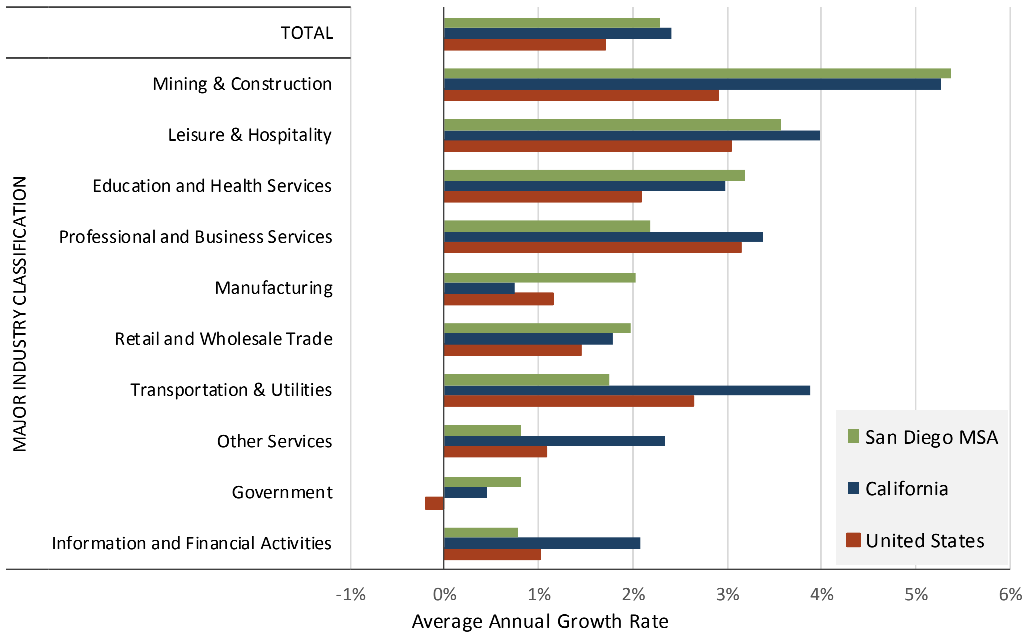
Government employment in the San Diego MSA did not appear to be adversely affected by federal spending cuts following the Great Recession. From 2010 to 2016, government employment in the San Diego MSA increased amid decreases for the nation.

Figure 2-14: Employment Growth by Industry, 2000-2016



Source: U.S. Bureau of Labor Statistics.

Figure 2-15: Employment Growth by Industry, 2010-2016



Source: U.S. Bureau of Labor Statistics.

2.7 Top Employers and Large Company Headquarters

Table 2-3 lists the top employers in the MSA and Table 2-4 lists other large companies with headquarters in the area.

Table 2-3: Top Employers in the San Diego MSA

Company	Industry Description	Local Employment	Location
Scripps Clinic	Clinics	10,000+	La Jolla
UCSD All Campus Dept Listings	College & University Placement Service	10,000+	La Jolla
Qualcomm	Semiconductor & Telecommunications	5,000-9,999	San Diego
Kaiser Permanente Vandever Med	Physicians & Surgeons	5,000-9,999	San Diego
Naval Medical Ctr San Diego	Hospitals	5,000-9,999	San Diego
UC San Diego Health	Hospitals	5,000-9,999	San Diego
Barona Resort & Casino	Casinos	1,000-4,999	Lakeside
Caesar Entertainment	Amusement & Recreation NEC	1,000-4,999	Valley Center
DJO Finance LLC	Surgical Appliances	1,000-4,999	Vista
General Dynamics NASSCO	Ship Builders & Repairers	1,000-4,999	San Diego
Kaiser Permanente Palomar	Health Services	1,000-4,999	Escondido
Kaiser Permanente-Medical Ctr	Education, Philanthropy and Research	1,000-4,999	San Diego
Kyocera Communications Inc	Communications	1,000-4,999	San Diego
Merchants Building Maintenance	Janitor Service	1,000-4,999	San Diego
Palomar Pomerado Health Rehab	Rehabilitation Services	1,000-4,999	Escondido
Rady Children's Hospital	Hospitals	1,000-4,999	San Diego
San Diego County Sheriff	Police Departments	1,000-4,999	Santee
Scripps Mercy Hospital	Hospitals	1,000-4,999	San Diego
Seaworld San Diego	Aquariums-Public	1,000-4,999	San Diego
Sharp Grossmont Hospital	Hospitals	1,000-4,999	La Mesa
Sharp Grossmont Rehab Ctr	Rehabilitation Services	1,000-4,999	La Mesa
Sharp Mary Birch Hosp-Women	Hospitals	1,000-4,999	San Diego
Sharp Memorial Hospital	Hospitals	1,000-4,999	San Diego
Sony Electronics Inc	Electronic Equipment & Supplies	1,000-4,999	San Diego
Tyco Health Care	Manufacturers	1,000-4,999	San Diego
UTC Aerospace Systems	Aircraft Component Manufacturing	1,000-4,999	Chula Vista

Source: State of California, Employment Development Department (EDD), 2017 and SanDiegosTop10.com. The industry descriptions indicated for each company are the EDD industry descriptions.

Table 2-4: Other Large Companies Headquartered in the San Diego MSA

Company	Industry	Headquarters	Revenue (2015)
Qualcomm	Semiconductor	San Diego	$25.3 billion
Petco	Retail	San Diego	$4 billion
ResMed	Medical Equipment & Supplies	San Diego	$1.74 billion
PIRCH	Retail	San Diego	$113.4 million
AdBoom Group	IT Software and Services	San Diego	$105 million
Suja Juice	Beverages	San Diego	$42 million

Source: Forbes, 2017.

2.8 Key Industries and Subsectors within the San Diego MSA's Economy

The San Diego Regional Economic Development Corporation identifies five drivers of growth in the San Diego MSA: innovation, the military, tourism, local commerce and intellect. These growth drivers have created unique industries and specialized workforces that continue to attract expansion and relocation of firms in those industries. The San Diego MSA's economy is supported by firms that specialize in a variety of areas, which are listed on Table 2-5.

Table 2-5: Key Industries & Subsectors within the San Diego MSA

Industry	Local Employees	Key Companies/Institutions
Innovation		
Technology	67,600	GoFundMe, Intuit and Portfolium
Cleantech	9,998	Broadcom, Samsung and San Diego Gas and Electric
Genomics	n.a.	Agena Biioscience, Helix and Illumina
Life Sciences	35,300	Eli Lily, GlaxoSmithKline and Takeda
Medical Devices	11,700	ACON Laboratories, Calbiotech and Dexcom
Craft Goods	n.a.	Dr. Bronners, Kashi and Taylor Guitars
Aerospace	85,000	Honeywell, Northrup Goodman and Cobham
Cyber Security	7,620	Booz Allen Hamilton, Leidos and Sentek Global
Internet of Things	n.a.	FitBit, Qualcomm and Thermo Fisher Scientific
Manufacturing	105,782	BAE Systems, General Atomics and WD-40
Sports and Active Lifestyle	23,000	Callaway Golf, GoPro and TaylorMade
Military		
Defense	33,400	Boeing, Raytheon and UTC Aerospace Systems
Maritime	n.a.	Applied Membrames, Fugro Pelagos and Hydranautics
Unmanned Systems	n.a.	5D Robotics, Kratos and L3 Technologies
Tourism	158,200	LEGOLAND California Resort, SeaWorld Zoo and Safari Park, and the San Diego Convention Center
Local Commerce		
Healthcare	140,000	Kaiser Permanente, Palomar Medical Center, Scripps Clinic and UC San Diego Health System
Craft Beer	1,715	Alpine Brewing, Ballast Point, Rough Draft Brewing and Stone Brewing
Intellect		
Research Insitutions and Universities	18,090	La Jolla intstitute for Allergy and Immunology and the California Institute for Biomedical Research

Source: San Diego Regional Economic Development Corporation, Our Economy, 2017.

The San Diego MSA's life sciences tech sector is expected to grow, with advances in genomics and oncology research. San Diego-based genomics company Illumina is a world leader in gene sequencing. Other San Diego-based genomics companies are also making advances. Helix has begun operations in mass-sample sequencing; Edie Genomics and others are revolutionizing the way genetic data are analyzed, and Human Longevity is using genetic data to deliver personalized health solutions. These companies and dozens of other similar companies in the region will continue to drive innovation.[16]

The field of personalized medicine is also poised for continued growth, enjoying the synergy between the region's telecommunications sector and medical device sector. This synergy has produced transformative companies like Dexcom, with its advanced continuous glucose monitoring and dosing technology, and Qualcomm Life, with its platform for improving clinical workflows and operational efficiencies in hospitals. The field of oncology is also poised for growth in the San Diego MSA, with more than 120 oncology research and development companies in the region working in nearly every type of known cancer.[17]

2.9 Tourism

Tourism not only drives demand for air transportation, but it also contributes to economic growth. As one of the most important industries in the San Diego MSA, tourism stimulates the demand for business establishments and provides employment opportunities. The San Diego MSA's pleasant climate and many outdoor attractions draw millions of domestic and international visitors annually.

The San Diego MSA's tourist attractions include the following:

- outdoor recreation, including area beaches, Balboa Park, and Coronado Island;
- amusement parks such as Sea World and LEGOLAND;
- the San Diego Zoo and the Wild Animal Park;
- historic neighborhoods such as the Gaslamp Quarter and Old Town;
- and more than 90 museums and several galleries. [18]

A new 30,000 seat Major League Soccer stadium is being proposed in San Diego's Mission Valley. If built, this soccer stadium will anchor a proposed mixed-use development called SoccerCity, which will contain approximately 4,800 residential units, more than 2 million square feet of office space, 740,000 square feet of retail space, and 55 acres of open space. Not only will the proposed stadium attract visitors to San Diego, but the construction of the entire development and its annual operations are also expected to generate significant economic impacts on the San Diego MSA.[19]

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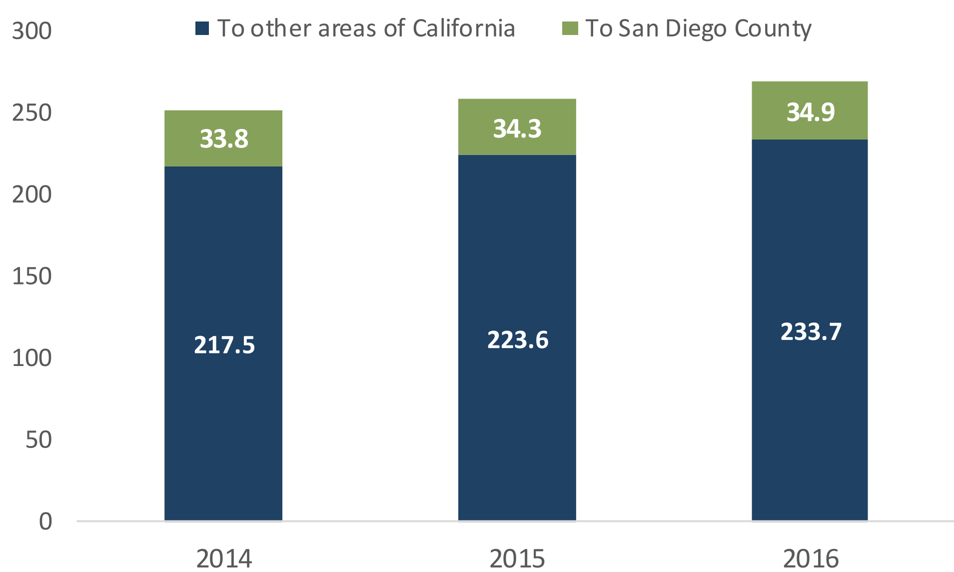
[16] Joe Panetta, "Biotech: Full steam ahead on several scientific fronts," *San Diego Union Tribune*, February 19, 2017.
[17] Ibid.
[18] The San Diego Tourism Authority's website, Museums and Galleries, 2017.
[19] San Diego Regional Economic Development Corporation, "SoccerCity could have $2.8B economic impact," *Economic Drivers*, March 8, 2017.

Figure 2-16 shows the trends in the volume of visitors—measured by person-trips —in the MSA and California. In the past three years, the San Diego MSA had nearly 35 million visitors per year, measured in person-trips. These accounted for approximately 13 percent of annual visitor person-trips in the entire state. Total visitor person-trips to the MSA increased, slightly, each year from 33.8 million in 2014 to 34.9 million in 2016.

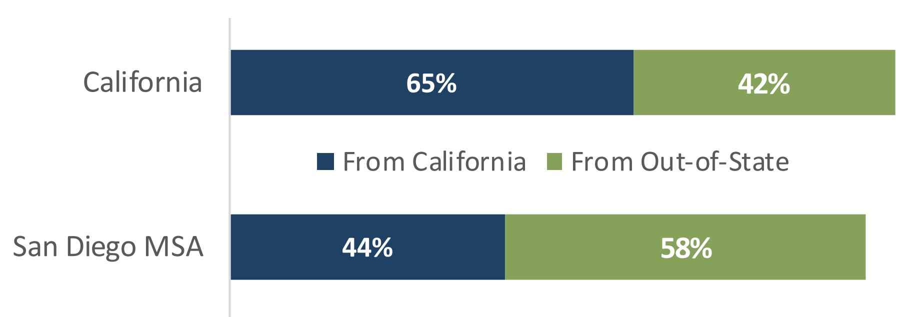
Eighty-nine percent of visits to the San Diego MSA in 2015 were for leisure and other personal reasons, and the remaining 11 percent were for business (including meetings/conventions). In comparison, 80 percent of visits to California were for leisure and other personal reasons, and the remaining 20 percent were for business. The share of out-of-state visitors to the MSA is 58 percent, while the share of out-of-state visitors to California is 42 percent (Figure 2-17).

Figure 2-16: Annual Volume of Visitors (Person-Trips, in Millions)



Source: The San Diego Tourism Authority and Tourism Economics, 2017.

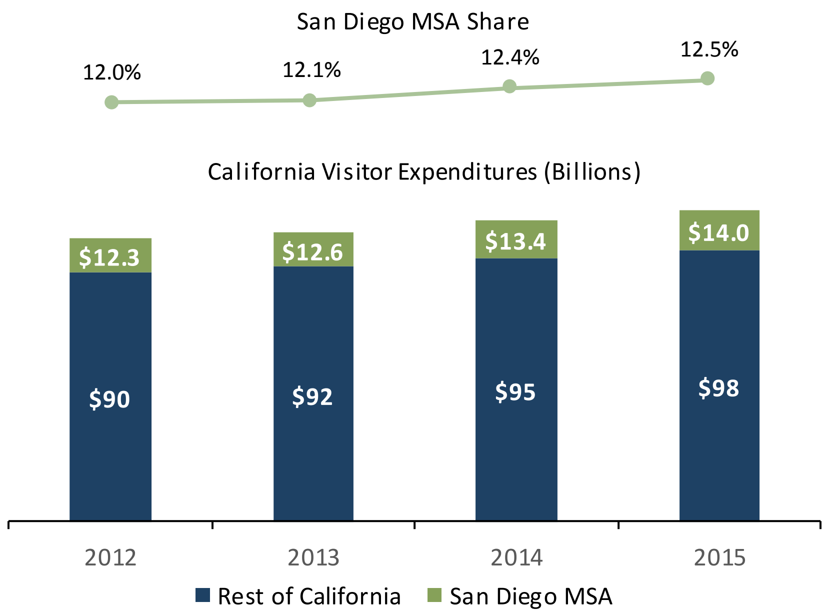
Figure 2-17: Origin of Visitors in 2015



Source: The San Diego Tourism Authority.

Visitor spending generates revenues for local businesses that, in turn, provide local jobs. Visitor spending in the San Diego MSA has steadily increased in recent years. Visitor spending in the San Diego MSA increased from $12 billion in 2012 to $14 billion in 2015. Its share of total visitor spending in the entire state has risen, from 12.0 percent in 2012 to 12.5 percent in 2015.This trend was consistent with the increase in the MSA's share of all state visitors.

Figure 2-18: Visitor Spending



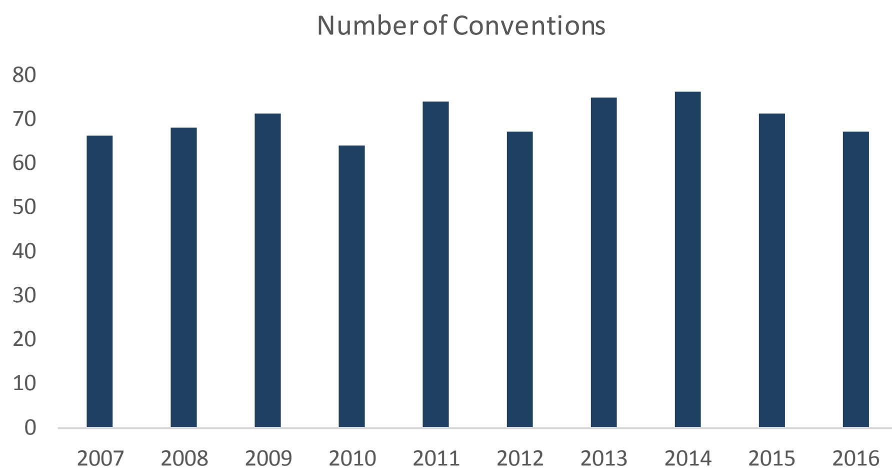
Source: Dean Runyan Associates, *The Economic Impact of Travel on California, 1990-2015*.

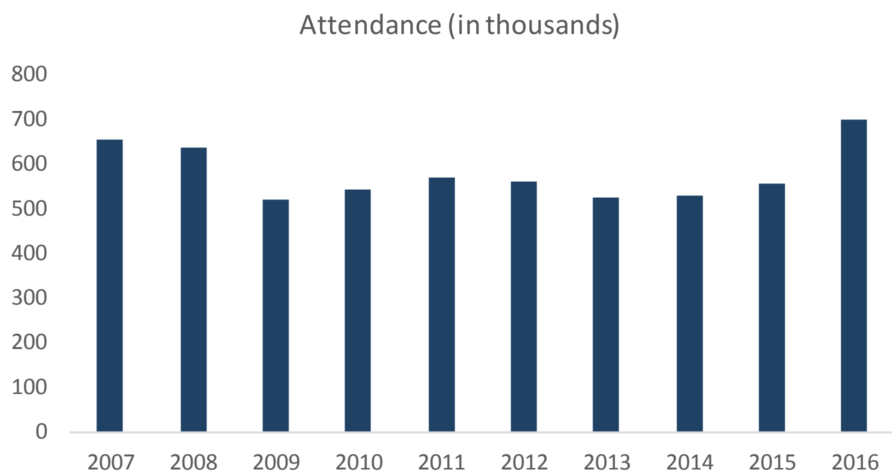
The San Diego Convention Center is one of the largest in the nation and is the site of major national and international conventions, meetings, concerts, antique and auto shows, and other special events. According to data from the San Diego Convention Center Corporation, San Diego hosted between 66 and 74 conventions each year since 2007 (Figure 2-19). In 2016, although the number of conventions (67) fell well below the peak record in 2014, attendance set a new record at more than 698,000, above the pre-Great Recession peak attendance of 656,000 (in 2007). In 2017, the San Diego Convention Center Corporation expects to host a total of 62 conventions with projected attendance of approximately 794,000 generating over $1.1 billion in regional impact. In addition to the San Diego Comic-Con International Convention, the largest convention held in San Diego annually, the following medical conventions are expected to generate the most economic activity in 2017: American Academy of Orthopedic Surgeons, American Diabetes Association, American Association of Orthodontists, and American Association of Clinical Chemistry.[20]

[20] The San Diego Convention Center Corporation, 2017 Calendar Year Forecast, January 2017.

In February 2017, the San Diego Convention Center hosted for the first time the world's leading marine science and ocean technology exhibition and conference by Oceanology International, drawing more than 1,500 attendees and 150 maritime technology companies from more than 13 countries. This event will be held every two years in San Diego, switching to London in off-years.[21]

Figure 2-19: San Diego MSA Conventions and Attendance





Source: San Diego Tourism Authority, Annual Visitor Industry Summary, 2017.

Table 2-6 and Table 2-7 list conventions and trade shows booked at the San Diego County Convention Center during the period of April 2017 through October 2018, which total over 130 booked events and projected attendance of more than 1.1 million.

[21] San Diego Regional Economic Development Corporation, "San Diego hosts world's leading maritime conference," *Economic Drivers*, February 17, 2017.

Table 2-6: San Diego County Convention Center Confirmed Bookings as of June 2017 (Part I)

Event Name	Dates	Anticipated Attendance	Event Name	Dates	Anticipated Attendance
SD County Apartment Assoc. 43rd Annual Conf & Expo	4/13/2017	3,500	SPIE Optics + Photonics	8/8/17 to 8/10/17	4,500
90 Day Year Live / Shockley Event Management	4/18/17 to 4/19/17	1,000	California Beauty & Barber Expo - San Diego	8/14/2017	5,000
Warrior Expo West	4/19/17 to 4/20/17	1,300	ASNE Fleet Maintenance & Modernization Symposium	8/14/17 to 8/16/17	1,000
2017 AAO Annual Session	4/21/17 to 4/25/17	20,000	National Assoc. Of Chain Drug Stores Total Store Expo	8/20/17 to 8/23/17	5,500
San Diego National College Fair	4/25/2017	6,000	Qi Revolution / Qi Productions	8/25/17 to 8/27/17	350
American Society For Aesthetic Plastic Surgery	4/27/17 to 5/2/17	3,000	Girl Scouts San Diego Volunteer Conference	8/26/2017	650
SDAR 2017 Realtors Expo & Conference	4/27/2017	2,000	Sharp Healthcare Employee Meeting 2017	8/28/17 to 8/29/17	11,000
Private Community Event	4/28/2017	2,000	Private Convention with Trade Show	8/29/2017	1,000
Investment Management Consultants Association	5/1/17 to 5/3/17	1,400	Custom Electronic Design & Installation Association	9/5/17 to 9/9/17	18,000
California Solar Power Expo	5/1/17 to 5/2/17	1,200	SBI2 High Content 2017	9/13/17 to 9/15/17	250
ACOG Annual Clinical and Scientific Meeting	5/6/17 to 5/9/17	6,000	San Diego Fall Home Show 2017	9/15/17 to 9/17/17	N/A
Private Event	5/10/2017	500	South County Economic Development Summit 2017	9/15/2017	500
University Of Phoenix Graduation Spring 2017	5/13/2017	11,500	San Diego Cookie Con & Sweets Show / Annatainment	9/16/17 to 9/17/17	25,000
Best Buy Company - 2017 Achievers	5/15/17 to 5/18/17	2,300	San Diego Ultimate Women's Expo	9/16/17 to 9/17/17	3,000
Private Meeting/Seminar	5/16/2017	300	CPTA Annual Conference	9/16/17 to 9/17/17	1,200
SDG&E Annual Energy Showcase Expo	5/17/2017	500	Bridal Bazaar	9/17/2017	5,000
2017 APA Annual Meeting	5/20/17 to 5/24/17	12,000	Small Business Expo 2017 / The Show Producers	9/21/2017	5,000
Private Convention with Trade Show	5/31/17 to 6/2/17	2,700	Astro - American Society For Radiology Oncology	9/24/17 to 9/27/17	12,000
2017 Vascular Annual Meeting	5/31/17 to 6/3/17	2,800	San Diego Quilt Show	9/28/17 to 9/30/17	5,800
Rock 'n' Roll San Diego Health & Fitness Expo	6/2/17 to 6/3/17	60,000	Gujarati Cultural Dance 2017	9/30/2017	2,000
Friends of the Badge	6/6/2017	500	Kids Artistic Revue Convention	10/1/2017	700
American Diabetes Association	6/9/17 to 6/13/17	20,000	Infectious Disease Society Of America Annual	10/4/17 to 10/8/17	7,000
Realcomm - IBcon	6/14/2017	1,200	Private Convention with Trade Show	10/7/17 to 10/10/17	6,000
2017 BIO International Convention	6/19/17 to 6/22/17	16,500	PLC at Work Institute	10/10/17 to 10/12/17	1,400
Eid Al-Fitr Prayer Service 2017	6/25/2017	4,500	Private Convention with Trade Show	10/10/17 to 10/12/17	1,500
National Assoc. Of Student Financial Aid Administrators	6/26/17 to 6/29/17	2,500	AFP 2017	10/15/17 to 10/18/17	6,200
Festival Of Genomics 2017 / Clarion Events	6/26/17 to 6/27/17	1,600	American College Of Surgeons Annual Clinical Conference	10/22/17 to 10/26/17	17,000
Pacific Coast Builders Conference / PCBC 2017	6/28/17 to 6/29/17	10,000	24 Seven Dance Convention	10/27/17 to 10/29/17	500
AVID Summer Institute 2017	6/29/2017	3,000	Casa De Oracion At The San Diego Convention Center	10/29/2017	1,000
Esri / Environmental Systems Research Institute	7/10/17 to 7/14/17	14,500	33rd Annual Environmental Training Symposium	10/30/17 to 10/31/17	450
San Diego Comic-Con International 2017	7/20/17 to 7/23/17	130,000	American College Of Rheumatology Natl Meeting	11/3/17 to 11/8/17	16,775
American Association Of Clinical Chemistry	8/1/17 to 8/3/17	20,000	American Association Of Pharmaceutical Scientists	11/12/17 to 11/15/17	8,000
Energy Storage North America 2017	8/8/17 to 8/10/17	2,000	Southern California Design-2-Part Show	11/15/17 to 11/16/17	1,500

Source: San Diego Convention Center Corporation, Calendar of Events, June 12, 2017.

Table 2-7: San Diego County Convention Center Confirmed Bookings as of June 2017 (Part II)

Event Name	Dates	Anticipated Attendance	Event Name	Dates	Anticipated Attendance
Taking Control Of Your Diabetes 2017 Tradeshow	11/18/2017	1,500	Starpower Talent Competition 2018	4/14/18 to 4/15/18	1,000
California School Boards Association	11/30/17 to 12/1/17	5,000	Warrior Expo West 2018	4/18/18 to 4/19/18	1,300
California School Boards Association	11/30/17 to 12/1/17	4,500	Experimental Biology (EB) / FASEB	4/22/18 to 4/25/18	15,000
Frontier Tech Forum 2017 / Rising Media	12/4/17 to 12/6/17	5,000	SDAR 2018 Realtors Expo & Conference / SD Realtors	4/27/2018	2,000
Amway Achievers 2017	12/7/2017	4,000	Private Convention with Trade Show	4/29/18 to 5/1/18	5,000
Private Corporate & Incentive	12/8/17 to 12/10/17	3,000	Nacha: The Electronic Payments Association Annual	4/30/18 to 5/1/18	2,600
Solution Tree Mathematics In A PLC At Work Summit	12/13/17 to 12/15/17	650	Association For Talent Development Annual Conference	5/7/18 to 5/9/18	11,000
San Diego Spring Home Show 2018	1/5/18 to 1/7/18	N/A	Argentum 2018 Annual (Previously Assisted Living)	5/15/18 to 5/16/18	2,600
Health Sciences High - Day Of Understanding	1/5/2018	600	SDG&E Energy Showcase & Expo 2018	5/15/2018	700
2018 Joint Mathematics Meetings	1/10/18 to 1/12/18	5000	American Thoracic Society Annual Conference	5/20/18 to 5/23/18	16000
San Diego Travel & Adventure Show 2018	1/13/18 to 1/14/18	14,000	Flashback Music Festival 2018	5/26/18 to 5/27/18	30,000
Bridal Bazaar	1/14/2018	4,000	Competitor Group / Rock N Roll Marathon Expo	6/1/2018	60,000
cabi, The Scoop, Spring 2018	1/18/18 to 1/20/18	3,175	American Society Of Mass Spectrometry Annual	6/4/18 to 6/7/18	7,000
SCEGA CA Classic 2018 / Temecula Valley Gymastics	1/19/18 to 1/21/18	5,000	Private Convention with Trade Show	6/5/18 to 6/6/18	800
Private Convention with Trade Show	1/29/18 to 1/31/18	5,500	Afflink Summit-2018	6/11/18 to 6/13/18	800
2018 Illuminate Education Users Conference	2/1/18 to 2/2/18	1,800	National Apartment Association Annual	6/14/18 to 6/16/18	10000
Society For Lab Automation & Screening 7th Annual	2/5/18 to 2/7/18	5,000	AHIP Institute & Expo 2018	6/20/18 to 6/22/18	2,400
WEST 2018 - AFCEA & US Naval Institute	2/6/18 to 2/8/18	8,500	Retail Business Conference	6/27/18 to 6/30/18	6,500
Aloha San Diego 2018 / Aloha Spirit Productions	2/10/2018	3,100	Private Convention with Trade Show	6/28/18 to 7/1/18	5,000
2018 American Academy of Dermatology (AAD) Annual	2/16/18 to 2/20/18	18,000	Esri / Environmental Systems Research Institute	7/9/18 to 7/12/18	14,500
California Democratic Party State Convention 2018	2/23/18 to 2/25/18	4,000	Private Convention with Trade Show	7/19/18 to 7/22/18	130,000
IPC APEX Expo 2018	2/26/18 to 3/3/18	8,963	Private Corporate & Incentive	8/1/18 to 8/2/18	5,000
Private Corporate & Incentive	3/1/18 to 3/2/18	4,000	Private Convention with Trade Show	8/13/18 to 8/15/18	7,000
Firehouse World Expo And Conference 2018	3/5/18 to 3/6/18	4,000	Harley-Davidson Annual Summer Dealer Meeting	8/20/18 to 8/23/18	6,300
EUEC 2018 / Energy Utility & Environment Conference	3/5/18 to 3/7/18	2,300	Spie 2018 Optics + Photonics	8/21/18 to 8/23/18	5,000
Johnstone Supply Spring Meeting & Tradeshow	3/6/18 to 3/7/18	1,250	Custom Electronic Design & Installation Assn	9/6/18 to 9/8/18	18,000
Optical Society Of America Annual	3/13/18 to 3/15/18	15,000	Cardiometabolic Risk Summit (CRS) Fall 2018 / HMP	9/13/18 to 9/16/18	1,000
Private Corporate & Incentive	3/21/18 to 3/23/18	1,200	CRF / Transcatheter Cardiovascular Therapeutics Symp	9/21/18 to 9/25/18	11,000
International Health Racquet & Sportsclub Association	3/22/18 to 3/24/18	11,000	American College Of Emergency Physicians 2018	10/1/18 to 10/3/18	10,000
CCSA 2018 25th Annual Conference / CA Charter	3/27/18 to 3/28/18	3,000	American Osteopathic Association	10/6/18 to 10/9/18	8,000
Private Convention with Trade Show	4/8/18 to 4/11/18	9,000	American Health Care Association/ AHCA Annual	10/8/18 to 10/9/18	3,500
Encore San Diego 2018	4/14/18 to 4/15/18	3,000	Private Convention with Trade Show	10/17/18 to 10/19/18	8,400

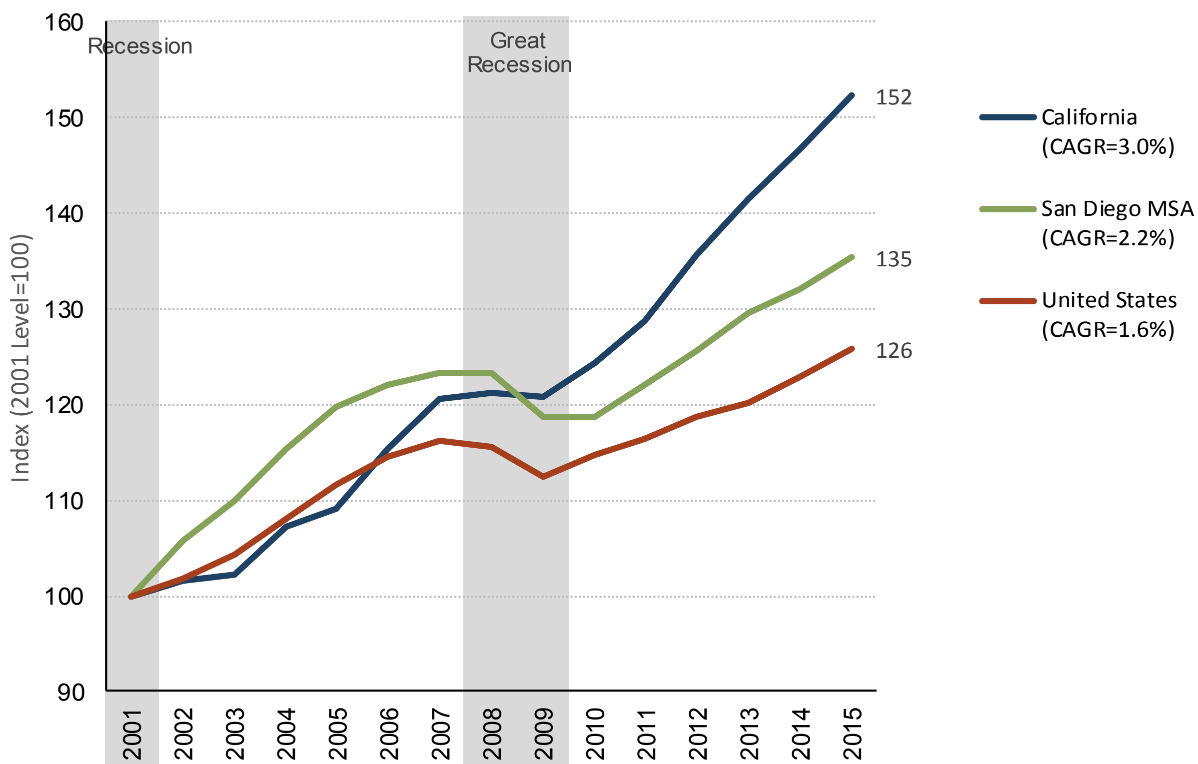
Source: San Diego Convention Center Corporation, Calendar of Events, June 12, 2017.

2.10 Economic Output

Airport passenger traffic tracks economic growth. The most comprehensive indicator of economic growth is gross domestic product (GDP), which measures the value of all goods and services produced in an area. Growth in inflation-adjusted (real) GDP indicates an economic expansion, while steady decline over two or more quarters indicates a recession.

Figure 2-20 compares real GDP growth trends from 2001 to 2015 in the San Diego MSA and the state with national trends. The San Diego MSA outperformed the nation throughout the entire period. From 2001 to 2016, the San Diego MSA's real GDP grew 35 percent, while the national GDP grew only 26 percent. However, the San Diego MSA lagged the state, with California's GDP having increased 52 percent during the same time period. The state of California has experienced significant economic growth in spite of the economic crisis, boosted mainly by growth in the technology industry.

Figure 2-20: Growth in Real Gross Domestic Product



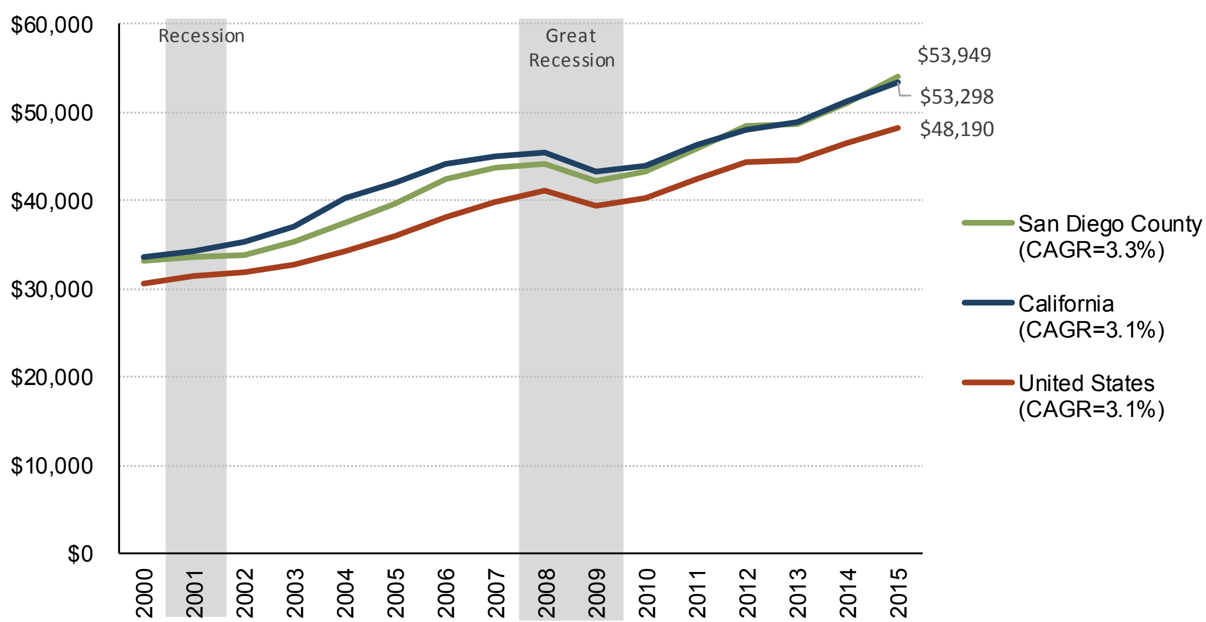
CAGR – Compound average growth rate.
Source: U.S. Bureau of Economic Analysis, Regional Economic Accounts.

2.11 Income

Personal income measures the income people receive from all sources—employment, proprietorship, government transfers, rental properties, and other assets. Consumers' ability to spend and build wealth depends on their personal income. Growth in personal income boosts demand for air travel. A component of GDP, personal income follows the same cyclical pattern: increasing during economic expansion and decreasing during economic recession.

From 2000 to 2015, the San Diego MSA's per capita income was higher than the nation's, but it was slightly lower than the state's except in 2012 and 2015 (Figure 2-21). Per capita income increased at a faster pace in the San Diego MSA than in both the state and the nation. Annual growth in per capita income averaged 3.3 percent in the San Diego MSA, while it averaged 3.1 percent for both the state and the nation.

Figure 2-21: Per Capita Personal Income (Current Dollars)



CAGR – Compound average growth rate.
Source: U.S. Bureau of Economic Analysis, Regional Economic Accounts.

2.12 Cost of Living

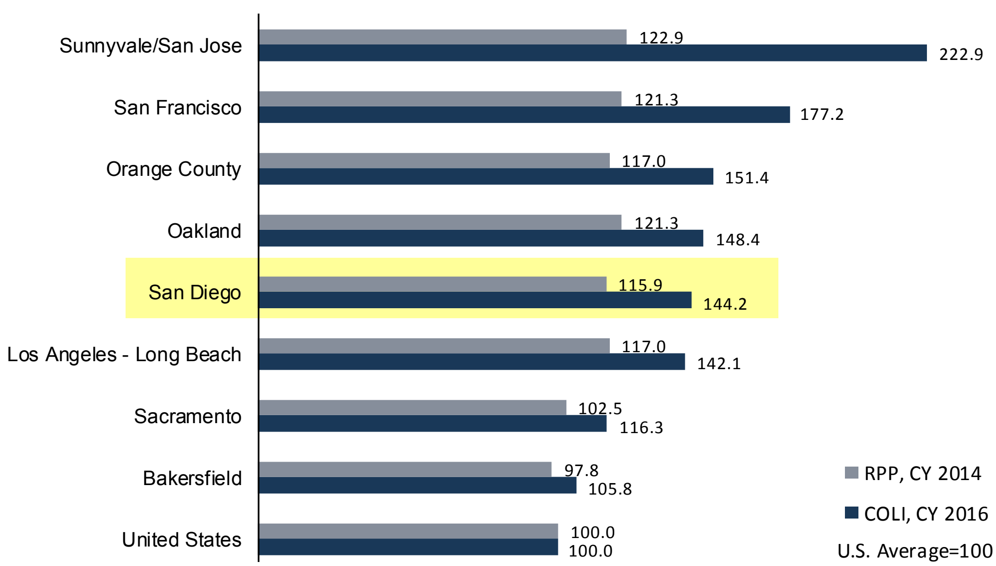
A low cost of living attracts new workers and businesses into the area. The San Diego MSA has a moderate cost of living compared to other metropolitan areas within the state, per the two measures shown in Figure 2-22: (1) the Cost of Living Index (COLI) published by the Council for

Community and Economic Research (C2ER) and (2) the Regional Price Parity (RPP) published by the U.S. Bureau of Economic Analysis (BEA).

COLI measures regional differences in the cost of consumer goods and services, excluding taxes and non-consumer expenditures, for professional and managerial households in the top income quintile. In 2016, the cost of living in the San Diego MSA was 44 percent higher than the U.S. average and ranked among the middle of the major metropolitan areas within the state.

Like COLI, RPP measures price differences across metropolitan areas relative to the national level. Based on RPP, the cost of living in the San Diego MSA in 2014 was 16 percent higher than the national average, but was also among the lowest of major California metropolitan areas.

Figure 2-22: Cost of Living in Select Urban Areas



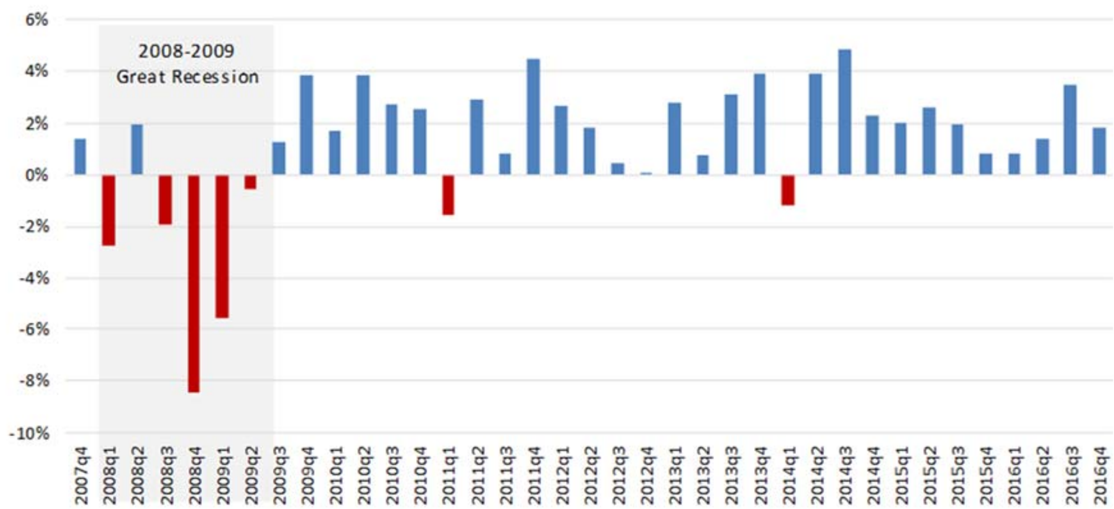
Sources: Council for Community and Economic Research and U.S. Bureau of Economic Analysis.

2.13 National Economy

Since 2000, the U.S. economy has experienced two recessions. The most recent recession, the 2008-2009 Great Recession, was the longest and deepest U.S. recession since World War II. It lasted six quarters (Figure 2-23). At the depth of the Great Recession in the second quarter of 2009, U.S. real GDP decreased to a level more than 4 percent below its previous peak in the fourth quarter of 2007. Within two years of the start of the recession, the economy lost 8.7 million jobs—jobs that had been created over five years before the recession.

The recovery from the Great Recession has been the slowest in post-World War II history. Economic output, measured by U.S. real GDP, took nearly four years to return to its pre-recession peak, compared with the average two years it took to recover from the previous 10 recessions. The U.S. nonfarm employment level took nearly 6 ½ years to return to its previous peak, compared with only 2 to 2½ years in recoveries from previous recessions.

Figure 2-23: Growth in U.S. Real Gross Domestic Product



Source: U.S. Bureau of Economic Analysis.

The U.S. economy has continued its slow expansion, with consumer spending, making up two-thirds of GDP, as the economy's major driver. Now entering its eighth year, the current U.S. economic expansion is expected to continue over the next few years, according to several sources (Table 2-8).

Table 2-8: U.S. Economic Growth Forecasts (Year-Over-Year Change in Real U.S. GDP)

	Actual		Forecast				
Source	**2015**	**2016**	**2017F**	**2018F**	**2019F**	**2020F**	**2021F**
Moody's Analytics, December 2016	2.6	1.6	2.8	3.0	2.2	1.4	1.6
Economist Intelligence Unit, April 2017	2.6	1.6	2.2	2.1			
International Monetary Fund, April 2017	2.6	1.6	2.3	2.5	2.1	1.8	1.7
World Bank, January 2017	2.6	1.6	2.2	2.1	1.9		
Federal Reserve Board, December 2016	2.6	1.6	2.1	2.0	1.9		
Wall Street Journal Economic Forecasting Survey, April 2017	2.6	1.6	2.3	2.5	2.1		
OECD, March 2017	2.6	1.6	2.4	2.8			
Wells Fargo, April 2017	2.6	1.6	2.1	2.5			
Average	**2.6**	**1.6**	**2.3**	**2.4**	**2.0**	**1.6**	**1.6**

Source: U.S. Bureau of Economic Analysis for historical data and listed sources for forecasts.

The April 2017 Wall Street Journal economic forecasting survey estimates the probability of a recession in the next 12 months at less than 16 percent. But the U.S. economy faces risks from within and from abroad. Within the country, the prospect of significant economic policy changes increases economic uncertainty. In addition, the following factors continue to raise concern: (1) the high level of U.S. government debt and the level of private debt in relation to the U.S. GDP;[22] (2) tightening monetary policy; (3) the dollar appreciation; (4) the disconnect between trends in financial markets and economic fundamentals; and (5) the adverse effects of declining oil prices on the U.S. energy and manufacturing sectors. Abroad the following developments add to the uncertainties facing the U.S. economy: (1) the United Kingdom's withdrawal from the European Union, (2) ongoing political conflicts in the Middle East, (3) the threat of terrorism, and (4) an enduring global oil glut.

2.14 Outlook for the California Economy

California should continue to perform well economically, particularly as measured by economic output and per capita income. In the *California County-Level Economic Forecast 2016-2050,* a report prepared for the California Department of Transportation, California's GDP growth is forecast to accelerate in 2017. Job growth is expected to remain positive and significant over the next few years, with most of the new job growth coming from the technology, leisure and hospitality, healthcare, and the real estate industry sectors.[23] For 2017, the Los Angeles County Economic Development Corporation (LAEDC) forecasts for the State an unemployment rate of 5.1 percent, nonfarm job growth of 1.7 percent, a 3.3 percent increase in per capita income, and a 2.4 percent increase in real GDP. For 2018, LAEDC forecasts an unemployment rate of 5 percent, nonfarm job growth of 1.7 percent, and a 4 percent increase in per capita income, and a 2.6 percent increase in real GDP.[24]

2.15 Outlook for the San Diego MSA Economy

The San Diego MSA is forecast to continue to outperform California and the United States within the labor market. The LAEDC anticipates continued economic growth for the San Diego MSA in 2017, with a forecast unemployment rate of 3.9 percent, nonfarm job growth of 1.8 percent, real GDP growth of 2.1 percent, and per capita personal income growth of 4 percent.[25] For 2018, LAEDC forecasts an unemployment rate of 4.5 percent, nonfarm job growth of 1.6 percent, real GDP growth of 2.3 percent, and per capita personal income growth of 3.3 percent.[26] The *California County-Level Economic Forecast* predicts an increase of 1.6 percent for real average salaries, and growth in industrial production by an average of 1.8 percent annually between 2016 and 2021. *Professional and business services*; *leisure and hospitality services*; *education and healthcare services*; and

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[22] The private debt to GDP ratio continues to be a concern because the increases in the ratio imply that output is not keeping up with the increase in private debt.
[23] Mark Schniepp, *California County-Level Economic Forecast 2016-2050*, October 2016.
[24]Los Angeles County Economic Development Corporation, *Economic Forecast & Industry Outlook: 2017 - 2018*, February 2017, 11.
[25] Los Angeles County Economic Development Corporation, *Economic Forecast & Industry Outlook: 2017 - 2018*, February 2017,
[26]Los Angeles County Economic Development Corporation, *Economic Forecast & Industry Outlook: 2017 - 2018*, February 2017, 28-31.

*governmen*t are predicted to continue leading in job growth—accounting for over 70 percent of net job creation.[27]

Hotel development in the San Diego MSA is expected to continue its strong growth pace. As of December 2016, the San Diego MSA had more than 30 new hotels with more than 5,000 hotel rooms planned through July 2019. (Table 2-9) [28] These new developments should boost the tourism industry within the MSA and within the state.

Table 2-9: San Diego County Potential New Hotel Supply Developments

Property Name	Potential Open Date	Number of Rooms	Potentiality Rating
SpringHill Suites San Diego Downtown/Bayfront	Open	253	Open
Residence Inn San Diego Downtown/Bayfront	Open	147	Open
SpringHill Suites San Diego/Mission Valley	Open	135	Open
Homewood Suites San Diego/Mission Valley/Zoo	Open	118	Open
Homewood Suites San Diego Bayside	Open	160	Open
Hilton Garden Inn San Diego Downtown/Bayside	Open	204	Open
	2016 Total	**1,017**	
Pendry San Diego	Jan-17	317	5
Fairfield Inn and Suites San Marcos	Jan-17	116	5
SpringHill Suites Carlsbad San Diego	May-17	103	5
Courtyard by Marriott	Jul-17	120	5
Hampton Inn and Suites by Hilton (Liberty Station)	Jun-17	181	5
Ayers Hotel - Millenia Chula Vista	Sep-17	135	5
Hampton Inn	Dec-17	80	3
La Terraza Springhill Suites by Marriott	Dec-17	105	5
	2017 Total	**1,157**	
Stone Brewing Company Boutique Hotel	Mar-18	99	3
Sixth Avenue Suites	Mar-18	98	5
Home2 Suites - Carlsbad Palomar Airport	Mar-18	142	3
Sheraton Hotel Carlsbad Resort & Spa (expansion project)	May-18	71	3
Moxy Hotel	Jun-18	126	5
TownePlace Suites by Marriott (Liberty Station)	Jun-18	222	5
Residence Inn by Marriott	Jun-18	148	2
Carte Hotel & Suites Downtown San Diego	Aug-18	239	5
AC Hotel (Autograph Collection by Marriott)	Sep-18	147	3
Embassy Suites by Hilton (Liberty Station)	Oct-18	240	5
InterContinental Hotel - Lane Field South	Oct-18	400	5
LEGOLAND Hotel	Dec-18	250	2
	2018 Total	**2,182**	
Beach Resort Hotel - South Block	Jun-19	225	3
Oceanside Beach Resort Hotel - North Block	Jun-19	135	3
Hyatt Place	Jun-19	127	2
1010 Oceanside	Jun-19	124	3
San Marcos Hotel SWC Montiel Rd & Leora Ln	Jun-19	128	1
Crowne Plaza (2 hotels in one building)	Jul-19	186	3
Staybridge Suites (2 hotels in one building)	Jul-19	146	3
Sheraton Carlsbad Resort expansion	Jul-19	79	2
	2019 Total	**1,150**	

* Potentiality Rating: (5) Hotel is under construction; (4) Financing for hotel is secured; (3) City approved the project and all permits; (2) Architectural design/renderings, environmental documents prepared and ready to obtain permits and approval from city; and (1) Conceptual idea only.
Source: San Diego Tourism Authority, December 2016.

[27] Mark Schniepp, *California County-Level Economic Forecast 2016-2050*, October 2016, 145-148.
[28] Tourism Economics, *San Diego Travel Forecast*, December 2016.

2.16 Summary

Demographic and economic trends in the San Diego MSA, California, and the United States influence passenger traffic trends at SAN. Trends in key demographic and economic indicators in the MSA and California show rapid expansion that is expected to continue.

Below are the major highlights of the analysis in this section:

- As mentioned in Section 2.1, the San Diego MSA's location adjacent to the U.S.-Mexico border makes the area ideal for international commerce and business on the west coast
- Having the seventeenth largest metro area population in the country and the second largest within the state of California, the San Diego MSA offers a large market that has been growing at a faster rate than the nation in many key performance indicators.
- The San Diego MSA has a younger and more highly educated population, relative to the state of California and the nation. These attributes are important for attracting businesses to locate in the MSA.
- The San Diego MSA and California enjoy above-average growth trends in business establishments, jobs, and labor force, and below-average unemployment rates.
- The San Diego MSA and California have diversified employment bases. Although the largest share of employees work within the public sector, other sectors, such as education and health services, leisure and hospitality, and professional and business services are the San Diego MSA's growth drivers. Like the rest of the state and the nation, manufacturing experienced the biggest decline in employment since 2000.
- Tourism is one of the biggest drivers of the San Diego MSA and California economies; and the MSA is a popular destination for leisure travelers. San Diego's many nature attractions — beaches, parks, coves and bays — attract millions of domestic and international visitors annually. Hotel developments should help support growth in the travel and tourism industries within the San Diego MSA and the state.
- The San Diego MSA's GDP and California's GDP have grown at high rates to unprecedented levels, despite the setbacks of the Great Recession. They grew faster than the nation's GDP from 2001 through 2015. From 2001 to 2016, the San Diego MSA's real GDP grew 35 percent, while California's GDP increased by 52 percent, and national GDP grew 26 percent.
- The San Diego MSA has higher levels of per capita personal incomes than California and the nation. The San Diego MSA has also experienced higher income growth than both California and the nation.
- Relative to other California metropolitan areas, the San Diego MSA has moderate living costs, which combine with higher wages and salaries to attract workers and businesses. In 2016, the cost of living in the San Diego MSA was 44 percent higher than the U.S. average, but ranked among the middle of the major metropolitan areas within the state.

- A major driver of both the San Diego MSA and California economies, the U.S. economy continues to expand, supporting growth in the economies of the MSA and California. Now in its eighth year, the current U.S. economic expansion, based on the data cited in this section, is expected to continue for at least a few more years. As reflected in the data cited in this section and the consensus of economic forecasts, the probability of a recession remains low, but many factors—within the country and abroad—present recession risks.
- Based on the data and forecasts cited in this section, California is expected to perform well economically, particularly as measured by economic output and per capita income. The state's GDP growth is forecast to accelerate in 2017, while jobs are expected to continue growing, with most of the new job growth coming from the technology, leisure and hospitality, healthcare, and the real estate industry sectors.
- The San Diego MSA's economy continues to enjoy broad-based job growth and it is expected to continue outperforming the national economy in the coming years.

Section 3 Aviation Activity Analysis and Forecasts

SAN is one of the 30 U.S. airports classified as a large hub by the FAA. The FAA defines large hubs as commercial airports accounting for at least 1 percent of annual U.S. enplanements.[29] SAN has maintained its position among the top 30 busiest airports in terms of passenger enplanements, ranking 27th in calendar year (CY) 2015 (the most recent year for which rankings are available) according to traffic data compiled by the Airports Council International-North America (ACI-NA). The ACI-NA data also show that SAN ranked 41st in terms of total aircraft operations among all U.S. airports in CY 2015.

In 2015, SAN served more than 20 million passengers (enplaned and deplaned) for the first time in the airport's history. The Airport surpassed that milestone in 2016 and continues to exhibit strong growth in passenger traffic in 2017. This section provides an overview of the historical trends in commercial passenger traffic at SAN and discusses factors that have affected those trends. The section also develops a six-year forecast of aviation activity at the Airport while addressing underlying market factors and relevant industry developments. Unless otherwise noted, annual data in this section is based on the Authority's Fiscal Year (FY), which begins on July 1 and ends on June 30 of the following calendar year.

3.1 Current Air Service

Table 3-1 shows that as of June 2017, 15 domestic passenger air carriers, seven foreign flag passenger airlines, and five all-cargo carriers provide scheduled air service at SAN. With nearly 500 flights per day, the passenger carriers serve more than 60 nonstop domestic and international destinations.

[29] Total passengers consist of enplanements and deplanements. Passenger activity at most airports, including SAN, is generally forecast in terms of enplanements.

Table 3-1: Scheduled Passenger and Cargo Airlines (as of June 2017)

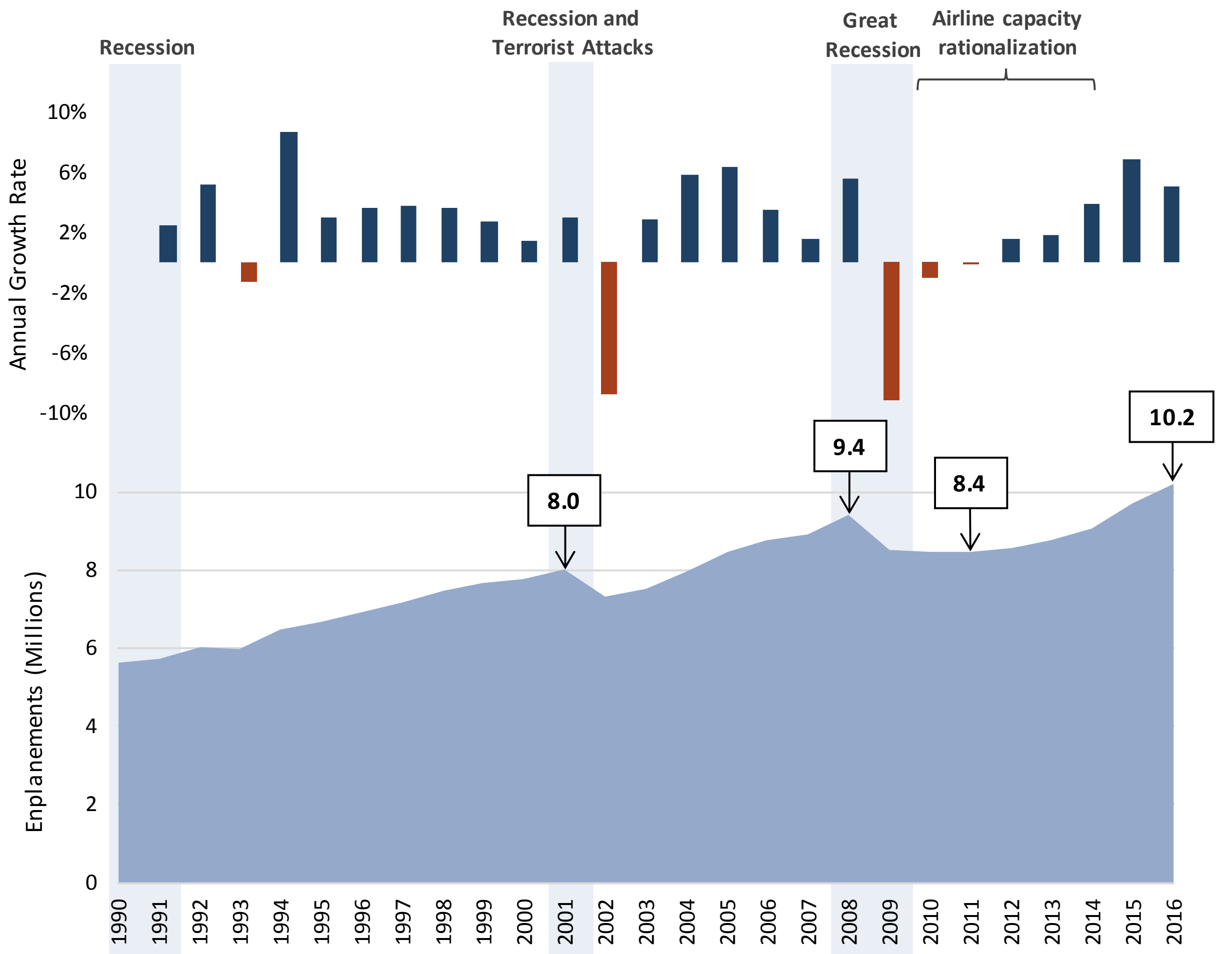
Passenger Carriers			
U.S. Carriers		Foreign Flag Carriers	All-Cargo Carriers
Alaska Airlines[1,2]	Southwest Airlines	Air Canada Rouge[6]	Atlas Air, Inc.
Allegiant Air	Spirit Airlines	British Airways	Ameriflight
American Airlines	Sun Country Airlines	Condor	FedEx Express
Compass Air[3]	United Airlines	Edelweiss Air	UPS Airlines
Delta Air Lines	Virgin America[2]	Japan Airlines	West Air, Inc.
Frontier Airlines		Jazz Aviation[6]	
Hawaiian Airlines		WestJet Airlines	
Horizon Air[1,4]			
JetBlue Airways			
SkyWest Airlines[5]			

1 Alaska Airlines and Horizon Air Industries are separately certificated airlines owned by Alaska Air Group, Inc. ("Alaska Air Group").
2 In December 2016, Alaska Air Group acquired Virgin America, Inc. Alaska and Virgin currently are operating under separate FAA certificates, but are expected to begin operating under one certificate in the first quarter of calendar year 2018.
3 Affiliate of and doing business as American Airlines and Delta Air Lines.
4 Affiliate of and doing business as Alaska Airlines.
5 Affiliate of and doing business as United Express, Delta Connection, and Alaska Airlines.
6 Affiliate of Air Canada.
Source: Airport Authority.

3.2 Historical Passenger Traffic Trends

Growth in the San Diego MSA's population and economy has driven passenger enplanements to record numbers in recent years. Figure 3-1 shows the trends in SAN's passenger traffic since FY 1990, which have tracked closely with business cycles. The 1990s began with a national economic recession that lasted from June 1990 to March 1991. The Airport weathered the recession with traffic growth through FY 1992 and only a small decrease in FY 1993. Economic expansion ensued through March 2001—the longest in U.S. history, and the Airport's enplanements grew steadily through FY 2001, reaching 8 million, an increase of nearly 2.4 million in 10 years.

Figure 3-1: Historical Enplanement Trends at SAN by Fiscal Year



Source: Airport Authority.

After reaching 8 million in FY 2001, enplanements at SAN suffered a steep decline in FY 2002, falling by nearly 9 percent compared to FY 2001 levels. This decline was driven by a short-term recession, lasting from March to November 2001, and by the terrorist events of September 11, 2001.

Along with other U.S. airports, SAN faced weak air travel demand from the economic recession, security concerns after the terrorist attacks, and a decrease in short-haul air travel due to the new stringent security measures. The decade beginning with year 2000 was eventful for the aviation industry as a whole, prompting lasting changes in consumer air travel behavior and airline business practices:

- A recession, lasting from March to November 2001, ended a 10-year U.S. economic expansion. On September 11, 2001, while the U.S. economy was in recession, terrorists attacked U.S. aviation. Passenger traffic plummeted, and airport security tightened.

- Jet fuel prices rose to record high levels, causing airline operating costs to escalate.
- Amid record fuel prices, in 2008-2009, the U.S. economy entered the Great Recession, so called because it is the longest and deepest recession since the Great Depression. The Great Recession again weakened demand for both passenger and cargo air services.
- To improve financial results, airlines cut domestic seat capacity to increase load factors, retired fuel-inefficient aircraft, added seats to aircraft, and implemented other cost-cutting measures. They optimized their networks, transferred routes between mainline and regional service, and changed their pricing structures. Mounting financial difficulties eventually led to bankruptcies, mergers, and business restructuring.
- Bad weather, natural disasters, disease outbreaks, and geopolitical conflicts also hurt the aviation industry in various ways—by disrupting air service, decreasing traffic, and hampering economic recovery.

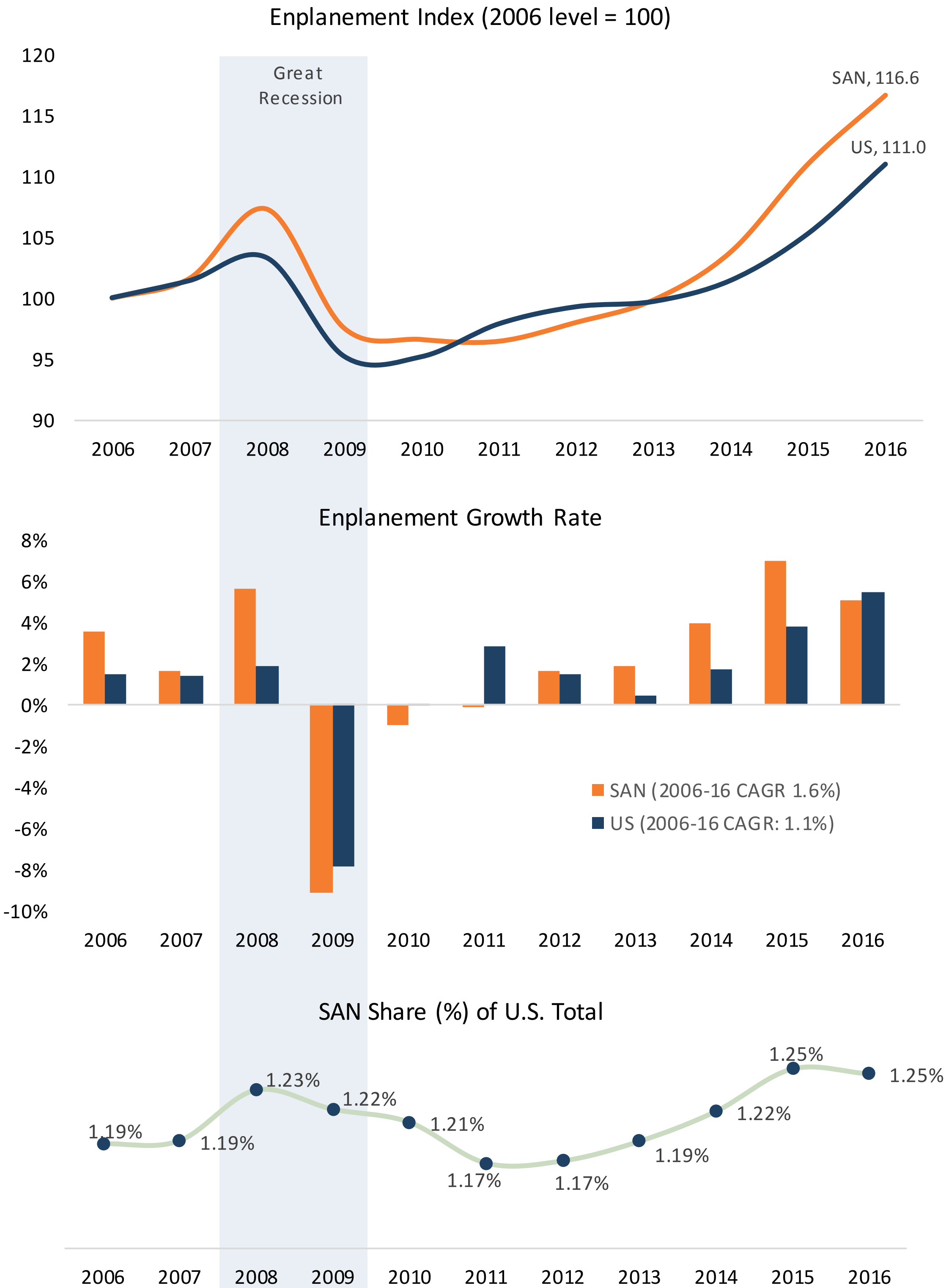
After FY 2002, the Airport experienced six consecutive years of growth before the next recession and set another record of 9.4 million enplanements in FY 2008. Weak demand and airline capacity cuts during the Great Recession and the early years of recovery caused enplanements to decrease 10.1 percent to 8.4 million in FY 2011. Since FY 2011, however, passenger traffic at SAN has increased steadily as the U.S. and the regional economies continue to grow, and as airlines add more capacity. The Airport's enplanements surpassed the 2008-peak levels with a 7 percent year-over-year increase in FY 2015, and grew another 5 percent over FY 2015 levels to reach 10.2 million passengers in FY 2016.

3.2.1 Comparison of Enplanement Trends at SAN and the United States

Figure 3-2 and Table 3-2 show the annual enplanement trends for SAN and the entire U.S. system from 2006 through 2016, which are summarized in the following points:

- SAN's enplanements grew faster than the national trend over his period, increasing by 1.6 percent annually compared to the national 1.1 percent annual growth, which reflect the annual decreases related to the Great Recession, as well as the strong increases in the last few years, as explained below.
- During the Great Recession, SAN suffered decreases in enplanements along with other U.S. airports. Traffic recovery at SAN lagged behind national recovery until 2013. After the Recession ended in 2009, U.S. total enplanements grew steadily beginning in 2011 and surpassed their pre-recession level in 2014. Enplanements at SAN began to increase in FY 2012 and surpassed their pre-recession level in FY 2015, but they increased at nearly double the rate of the national growth between FY 2013 and FY 2015. In 2016, both the U.S. system and SAN posted a 5 percent enplanement growth.
- SAN's annual share of U.S. system enplanements remained close to 1.2 percent over the FY 2006 – FY 2016 period, increasing slightly from 1.19 percent in FY 2006 to 1.25 percent in FY 2016.

Figure 3-2: SAN and U.S. Total Enplanement Growth by Fiscal Year



CAGR - Compound annual growth rate.
Sources: Airport Authority and U.S. Bureau of Transportation Statistics.

Table 3-2: SAN and U.S. System Enplanements (Thousands)

	SAN Enplanements		Total U.S. Enplanements		SAN Share of
Fiscal Year	Number	% Change	Number	% Change	Total U.S.
2006	8,750		736,112		1.19%
2007	8,892	1.6%	746,509	1.4%	1.19%
2008	9,389	5.6%	760,363	1.9%	1.23%
2009	8,536	-9.1%	700,462	-7.9%	1.22%
2010	8,454	-1.0%	700,221	0.0%	1.21%
2011	8,441	-0.2%	720,196	2.9%	1.17%
2012	8,576	1.6%	730,606	1.4%	1.17%
2013	8,738	1.9%	733,830	0.4%	1.19%
2014	9,082	3.9%	746,650	1.7%	1.22%
2015	9,713	6.9%	775,137	3.8%	1.25%
2016	10,206	5.1%	817,222	5.4%	1.25%
	Compound Annual Growth Rate				Avg. Share
2006-2016		1.6%		1.1%	1.21%

Sources: Airport Authority and U.S. Bureau of Transportation Statistics.

3.2.2 International Traffic

Although SAN primarily serves domestic traffic, the share of international traffic at the Airport has grown over the last decade, from under 1.0 percent in FY 2006 to 3.5 percent in FY 2016 (Table 3-3). The expansion of international air service began after 2009, when Air Canada and WestJet increased nonstop service to Canada to 14 flights per week. British Airways began daily nonstop service to London in June 2011, and Japan Airlines began nonstop service daily to Tokyo in December 2012. International service to Europe is continuing to expand. Condor and Edelweiss Air recently implemented seasonal service to Frankfurt, Germany, and Zürich, Switzerland. Condor's service to Frankfurt began in May 2017, and Edelweiss Airbegan flights to Zürich in June 2017.

As mentioned in Section 2.1, Tijuana Rodriguez International Airport (TIJ) is located 24 miles south of SAN, in Tijuana, Mexico. TIJ primarily serves the Mexican domestic market, with 98.6 of its passengers traveling within Mexico. The CBX (defined and described on page 2-4), which opened in December 2015, was designed to make it easier for passengers to cross the border and fly from TIJ to other Mexican destinations. Sufficient statistics are not yet available to fully evaluate the effect of the CBX, if any, on air traffic at SAN. However, enplaned passengers who fly from SAN to destinations in Mexico are a very small portion of total enplanements at SAN (1.25 percent in FY 2016). The number of enplaned passengers who traveled to Mexico from SAN increased 12 percent from FY 2015 to FY 2016, from approximately 114,000 to 128,000 enplanements (CBX opened in the middle of FY 2016). Although it is possible that the FY 2016 increase in passengers enplaning at SAN and flying to destinations in Mexico might have been higher had the CBX not opened, the effect on SAN's total passenger traffic, if any, would not have been substantial, given the very small share of passengers flying to Mexico.

Table 3-3: SAN Domestic and International Enplanements (Thousands)

	Domestic		International[1]		Total
Fiscal Year	Number	Share	Number	Share	Enplanements
2006	8,691	99.3%	59	0.7%	8,750
2007	8,797	98.9%	95	1.1%	8,892
2008	9,302	99.1%	87	0.9%	9,389
2009	8,479	99.3%	57	0.7%	8,536
2010	8,339	98.6%	115	1.4%	8,454
2011	8,316	98.5%	125	1.5%	8,441
2012	8,324	97.1%	252	2.9%	8,576
2013	8,461	96.8%	277	3.2%	8,738
2014	8,746	96.3%	337	3.7%	9,082
2015	9,381	96.6%	332	3.4%	9,713
2016	9,849	96.5%	357	3.5%	10,206
	Compound Annual Growth Rate				
2006-2016	1.3%		19.7%		1.6%

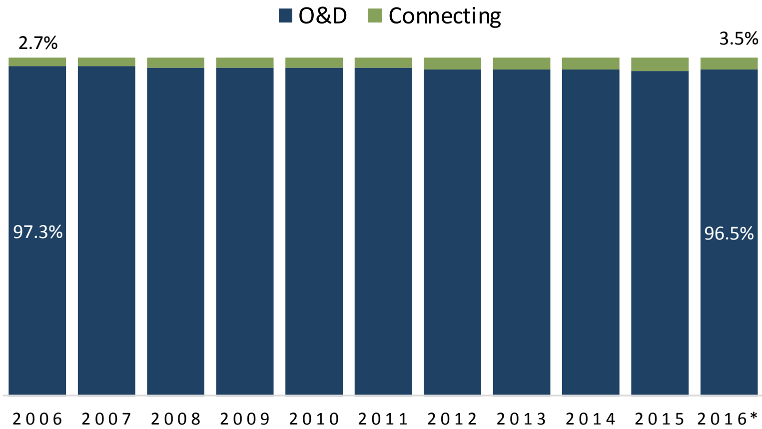
[1] International enplanements include enplanements by foreign flag carriers, as well as seasonal international enplanements reported by U.S. air carriers.
Source: Airport Authority.

3.2.3 Composition of Passenger Traffic at SAN

SAN has a strong O&D traffic base, which constitutes a reliable market for air service. Having a predominantly O&D traffic makes the Airport less sensitive to changes in any particular airline's connecting services.

SAN has primarily served O&D passengers, typically accounting for around 96 percent of the airport's annual traffic. Connecting passengers made up the remaining share of traffic (Figure 3-3). According to U.S. Department of Transportation data, Southwest Airlines ("Southwest") accounted for more than one-half of the connecting traffic at SAN in FY 2016. (Southwest also accounts for the largest share of total passenger traffic at SAN, as shown in subsection 3.2.5.) The Airport's connecting traffic primarily consisted of passengers originating from San Francisco, Los Angeles, and Sacramento.

Figure 3-3: O&D and Connecting Traffic Shares



*2016 is through June 2016.
Sources: Airport Authority and U.S. Department of Transportation DB1B.

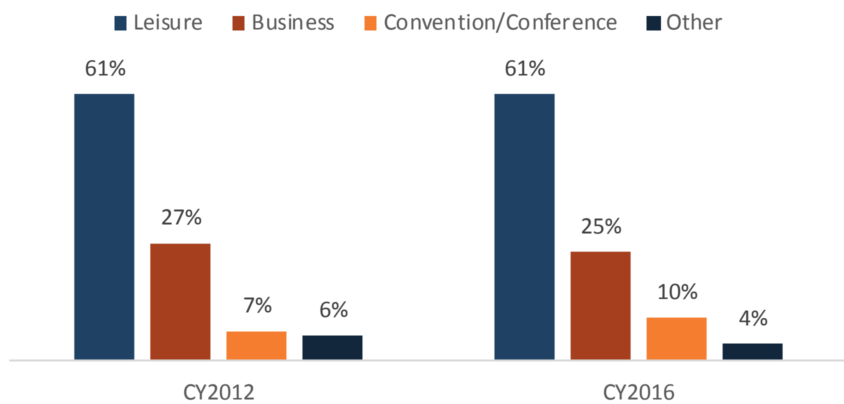
Data on O&D passengers traveling to and from SAN indicate that resident account for approximately 45 percent of O&D traffic at SAN, while visitors account for the remaining 55 percent.[30] These percentages remained fairly constant from 2009 through 2016.

Passengers traveling for leisure accounted for the greatest share of Airport traffic (61 percent in both CY 2012 and CY 2016, as shown in Figure 3-4). Those traveling for business and conventions

[30] Data Source: U.S. Department of Transportation DB1B. The shares of resident and visitor O&D passengers were estimated by separating one-way or round-trip passengers that began their trips originally at SAN, from one-way or round-trip passengers that began their trips originally at another airport.

accounted for a combined share of 34-35 percent, and those traveling for other purposes accounted for the remaining share of 4-6 percent.

Figure 3-4: SAN Passenger Traffic Shares by Trip Purpose



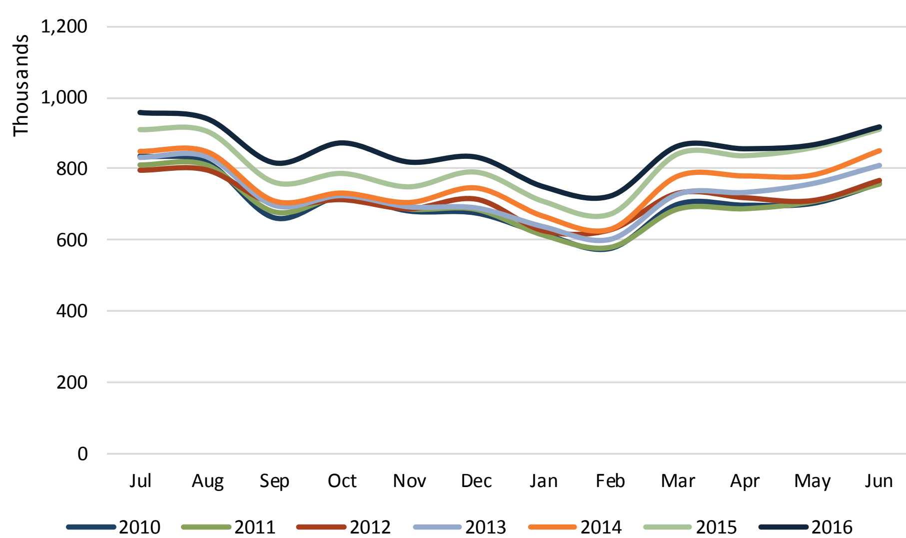
Sources: Reports prepared by the Redhill Group for the Airport Authority.

3.2.4 Monthly Enplanements

SAN's enplanements peak slightly in the summer months of July and August (Figure 3-5). The Airport's seasonal patterns are consistent with patterns observed nationwide.

Figure 3-5: SAN Monthly Enplanements

Month	2010-2016 Avg. Share of FY Total
July	9.5%
August	9.4%
September	8.0%
October	8.3%
November	7.9%
December	8.1%
January	7.3%
February	7.0%
March	8.4%
April	8.4%
May	8.5%
June	9.1%



Source: Airport Authority.

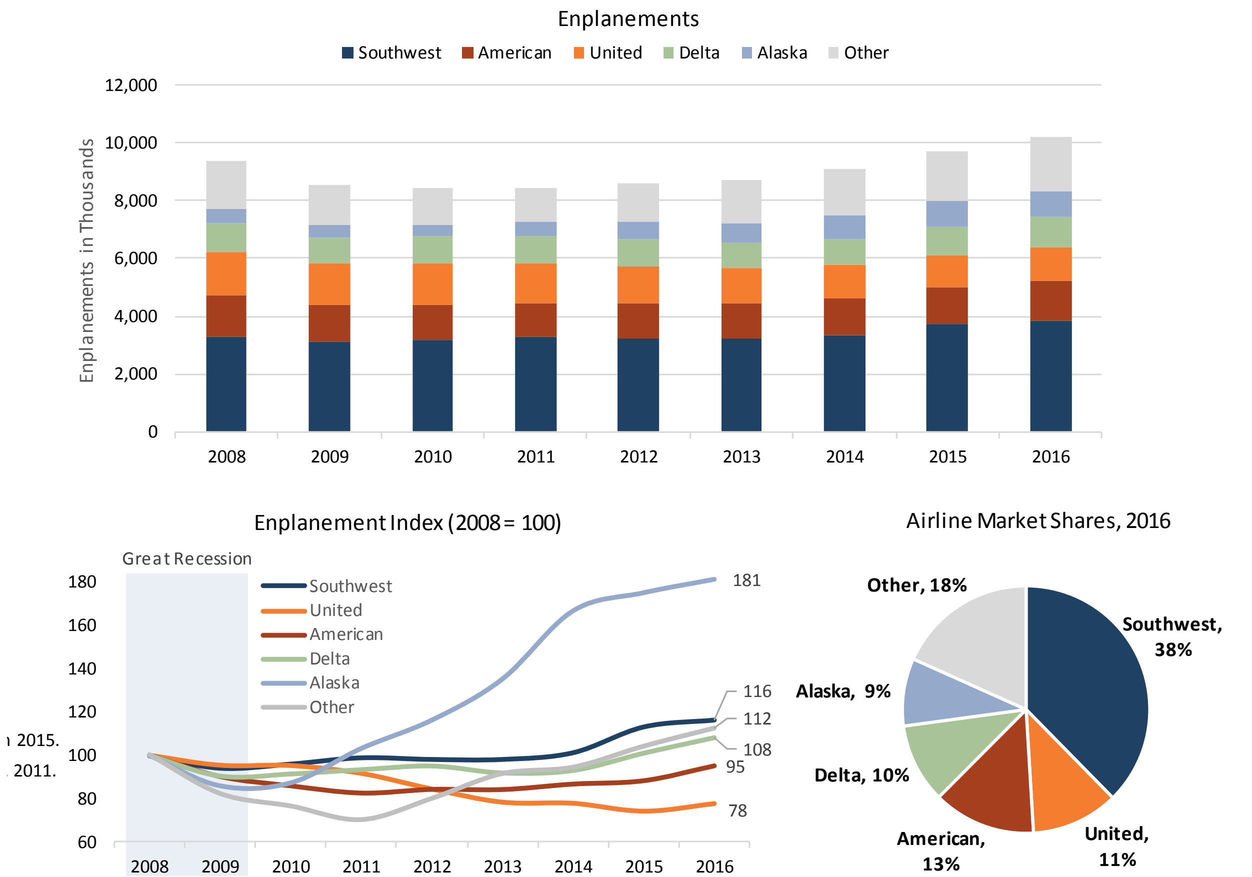
3.2.5 Enplanements by Airline

SAN's top five carriers in terms of passenger enplanements are Southwest, American Airlines (American), United Airlines (United), Delta Air Lines (Delta), and Alaska Airlines (Alaska). These five carriers accounted for about 80 percent of annual passenger traffic in 2016, while the other airlines – which include mainline, regional and foreign flag carriers – accounted for the remaining 20 percent (Figure 3-6 and Table 3-4). Southwest has maintained a strong presence at the Airport with an enplanement share above 35 percent since FY 2008, and above 30 percent since FY 1993. Foreign flag carriers accounted for around 2.5 percent of SAN's enplanements in FY 2016.

Collectively, service by the mainline carriers continues to make up the large majority of enplanements at SAN (about 94 percent in FY 2016). A number of factors contribute to the larger share of mainline service at SAN, compared to the national share (around 78 percent). Unlike other large hubs in the country, SAN is a single-runway airport, where efficiencies can be gained by operating larger aircraft. Larger aircraft are also better-suited for mainline service by carriers at SAN that mostly serve O&D traffic on relatively dense routes. Still, in recent years, regional carriers have shown modest growth in their share of passenger enplanements at SAN.

Enplanements for all carriers operating at the Airport decreased during the Great Recession, and did not show signs of steady recovery until FY 2012. Among the top-five carriers, Southwest, Delta and Alaska rebounded the earliest from the traffic slump. Alaska's enplanements continued to grow substantially through 2016 at an annual average rate of almost 8 percent as it has further developed San Diego into a focus city by adding new flights and destinations, while Southwest's annual growth averaged 2 percent over the same period. Enplanements for Delta and American recovered slowly after FY 2011. United's traffic declined in most years between FY 2008 and FY 2016.

Figure 3-6: SAN Enplanements by Airline



Source: Airport Authority.

Table 3-4: SAN Enplanements by Airline by Fiscal Year

	Enplanements (in Thousands)					Market Share				
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2012**	**2013**	**2014**	**2015**	**2016**
Mainline										
Southwest	3,252	3,253	3,353	3,737	3,840	37.9%	37.2%	36.9%	38.5%	37.6%
American[1]	1,213	1,212	1,248	1,271	1,369	14.1%	13.9%	13.7%	13.1%	13.4%
United	1,266	1,176	1,168	1,114	1,166	14.8%	13.5%	12.9%	11.5%	11.4%
Delta	936	905	916	992	1,062	10.9%	10.4%	10.1%	10.2%	10.4%
Alaska	579	674	830	872	903	6.8%	7.7%	9.1%	9.0%	8.8%
Spirit	78	164	201	252	327	0.9%	1.9%	2.2%	2.6%	3.2%
Virgin America	166	168	157	176	211	1.9%	1.9%	1.7%	1.8%	2.1%
JetBlue	147	153	173	179	183	1.7%	1.7%	1.9%	1.8%	1.8%
Frontier[2]	199	184	185	151	119	2.3%	2.1%	2.0%	1.6%	1.2%
Hawaiian	86	94	99	97	102	1.0%	1.1%	1.1%	1.0%	1.0%
British Airways	81	82	85	84	90	0.9%	0.9%	0.9%	0.9%	0.9%
Japan Airlines	-	18	54	59	60	0.0%	0.2%	0.6%	0.6%	0.6%
Air Canada[3]	56	45	37	41	49	0.7%	0.5%	0.4%	0.4%	0.5%
Other[4]	105	98	90	90	108	1.2%	1.1%	1.0%	0.9%	1.1%
Subtotal - Mainline	**8,166**	**8,225**	**8,596**	**9,114**	**9,588**	**95.2%**	**94.1%**	**94.6%**	**93.8%**	**93.9%**
Regional										
SkyWest[5]	263	352	341	372	313	3.1%	4.0%	3.8%	3.8%	3.1%
Compass	-	-	9	140	250	0.0%	0.0%	0.1%	1.4%	2.4%
Horizon[6]	6	77	84	84	53	0.1%	0.9%	0.9%	0.9%	0.5%
Other	-	-	1	3	2	0.0%	0.0%	0.0%	0.0%	0.0%
American Eagle[7]	141	82	51	-	-	1.6%	0.9%	0.6%	0.0%	0.0%
Subtotal - Regional	**410**	**512**	**486**	**599**	**618**	**4.8%**	**5.9%**	**5.4%**	**6.2%**	**6.1%**
TOTAL	**8,575**	**8,737**	**9,082**	**9,713**	**10,206**	**100%**	**100%**	**100%**	**100%**	**100%**

[1] Enplanements combined for American and US Airways. American merged with US Airways on Dec. 9, 2013 and began operating as a single carrier in April 2015.
[2] Enplanements combined for Frontier and Midwest. The carriers combined brands under Frontier in April 2010.
[3] Enplanements combined for Air Canada Rouge and Jazz Aviation.
[4] Includes airlines that ceased operating at SAN during the period shown and airlines that accounted for less than 0.5% of market share in 2016.
[5] Includes Delta Connection, United Express, US Airways Express (2012-2015) and American Airlines (2013).
[6] Operating as Alaska Airlines.
[7] Operating as American Airlines.
Source: Airport Authority.

3.2.6 Top O&D Markets

O&D enplanements account for approximately 96 percent of SAN's passenger traffic. Table 3-5 lists the Airport's top 25 O&D city markets in CY2016, ranked by share of O&D enplanements. The table shows the airports served in each market, the number of daily nonstop departures to each market from SAN, and the airlines serving each market from SAN in CY 2016.

The top 25 destination cities listed, consisting of large urban areas across the U.S., were served by 192 of the 237 daily nonstop departures from SAN. Together, service to these markets accounted for approximately 75 percent of O&D enplanements at the Airport in CY 2016.

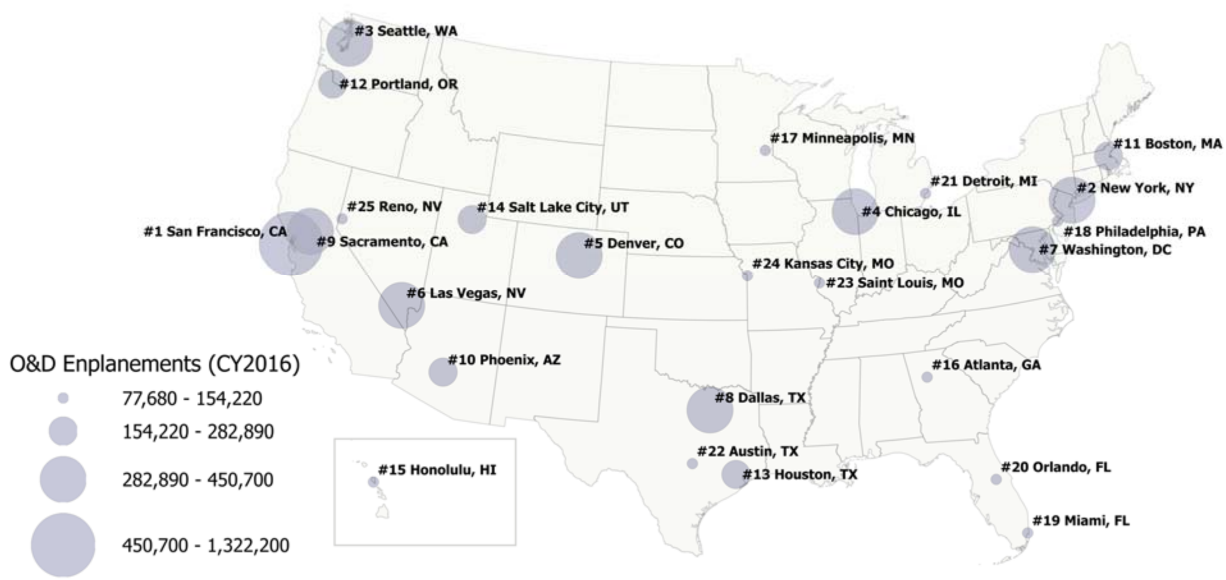
Table 3-5: SAN's Top 25 O&D Markets

CY2016 Rank [1]	Destination	Airports	O&D Market Share [2]	Daily Nonstop Departures [3]	Airlines Serving Market from SAN [4]
1	San Francisco, CA	SFO, SJC, OAK	14.62%	43	WN, UA, VX, AS
2	New York, NY	JFK, EWR, LGA	4.98%	9	UA, DL, B6, AA, AS
3	Seattle, WA	SEA	4.90%	12	AS, WN, DL
4	Chicago, IL	ORD, MDW	4.40%	12	AA, UA, WN, NK
5	Denver, CO	DEN	4.09%	14	WN, UA, F9, NK
6	Las Vegas, NV	LAS	3.85%	12	WN, UA, DL, NK
7	Washington, DC	BWI, IAD, DCA	3.84%	5	UA, WN, NK
8	Dallas/Fort Worth, TX	DFW, DAL	3.77%	13	AA, WN, NK
9	Sacramento, CA	SMF	3.75%	9	WN
10	Phoenix, AZ	PHX	3.13%	15	WN, AA
11	Boston, MA	BOS, PVD	2.68%	3	B6, AS
12	Portland, OR	PDX	2.68%	5	AS, WN
13	Houston, TX	IAH, HOU	2.02%	7	UA, WN, NK
14	Salt Lake City, UT	SLC	2.01%	7	DL, AS
15	Honolulu, HI	HNL	1.71%	2	HA, AS
16	Atlanta, GA	ATL	1.65%	6	DL, WN
17	Minneapolis/St. Paul, MN	MSP	1.63%	4	DL, SY
18	Philadelphia, PA	PHL	1.60%	3	AA
19	Miami, FL	FLL, MIA	1.35%	2	AA, B6
20	Orlando, FL	MCO	1.33%	2	WN, DL, F9
21	Detroit, MI	DTW	1.21%	2	DL
22	Austin, TX	AUS	0.99%	2	WN
23	St. Louis, MO	STL	0.95%	1	DL, AS
24	Kansas City, MO	MCI	0.87%	1	WN
25	Reno, NV	RNO	0.86%	2	WN
	DESTINATIONS LISTED	-	**74.9%**	**192**	
	OTHER DESTINATIONS	-	**25.1%**	**45**	
	TOTAL	-	**100.0%**	**237**	

[1] Ranking is based on share of SAN O&D passengers. Represents metro markets that are served by nonstop flights from SAN; however, not every airport in each metro market has nonstop flights from SAN.
[2] U.S. Department of Transportation DB1B.
[3] OAG Schedules Analyzer (accessed April 2017). Daily nonstop departures: annual nonstop departures in CY 2016 divided by 365.
[4] Airline codes: AA=American; AS=Alaska; B6=Jet Blue; DL=Delta; F9=Frontier; HA=Hawaiian; NK=Spirit; SY=Sun Country; UA=United; VX=Virgin America; WN=Southwest. VX was acquired by AS in December 2016.
Source: U.S. Department of Transportation DB1B.

Figure 3-7 shows that SAN's top 25 O&D markets are spread across the United States.

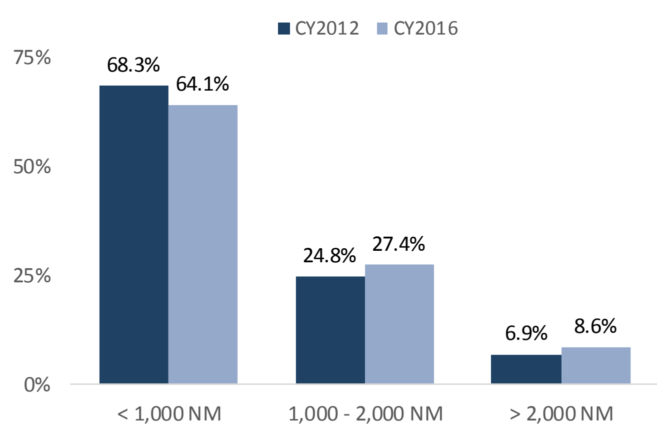
Figure 3-7: SAN's Top 25 O&D Markets



Sources: Unison Consulting, Inc., U.S. Department of Transportation DB1B.

Figure 3-8 shows that most of the nonstop flights from SAN serve destinations within 1,000 nautical miles (NM) of SAN, although the share of nonstop flights serving destinations beyond 1,000 NM increased between CY 2012 and CY 2016.

Figure 3-8: Share of Nonstop Departures from SAN by Distance (Nautical Miles)



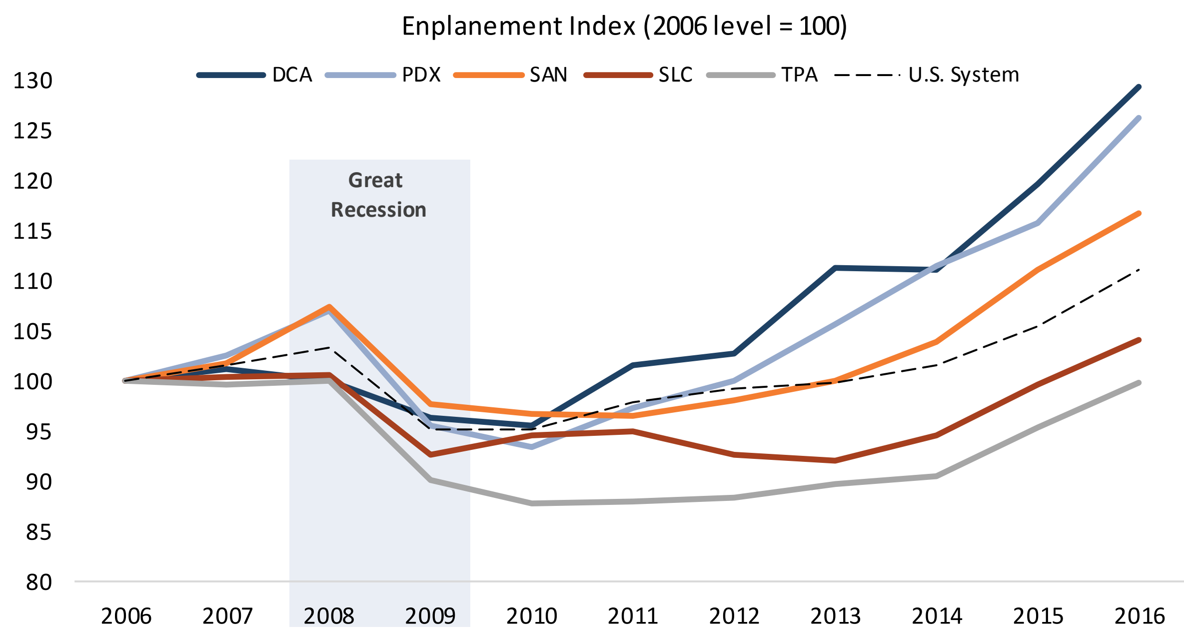
Source: Unison Consulting, Inc., OAG Schedules Analyzer.

3.2.7 Enplanement Trends at Select Large Hub Airports

Figure 3-9 compares the trends in enplanements at SAN and four other large hub airports, from FY 2006 through FY 2016. The FAA designates large hubs as commercial airports that enplane at least 1 percent of total U.S. commercial passengers in a given year. In 2015 (the most recent year for which ranking information is available), SAN ranked 27th by total passenger enplanements among the 30 U.S. airports classified as large hubs. Large hub airports, however, still differ considerably in terms of enplanements and other characteristics. Among these airports, Portland International (PDX), Tampa International (TPA), Salt Lake City International (SLC), and Ronald Regan Washington National (DCA) are the most similar to SAN in terms of the following criteria: enplanement level, share of domestic and international traffic, relative diversity of airline base, share of Southwest service, and the number of markets served on both nonstop and connecting flights.

As Figure 3-9 shows, although SAN and its peer airports exhibit similar enplanement trends, which tracked national growth trends, there are some notable differences. Along with PDX, SAN suffered a big decline in traffic during the recession, but exhibited a stronger recovery compared with TPA and SLC.

Figure 3-9: Enplanement Trends at SAN and Select Large Hubs



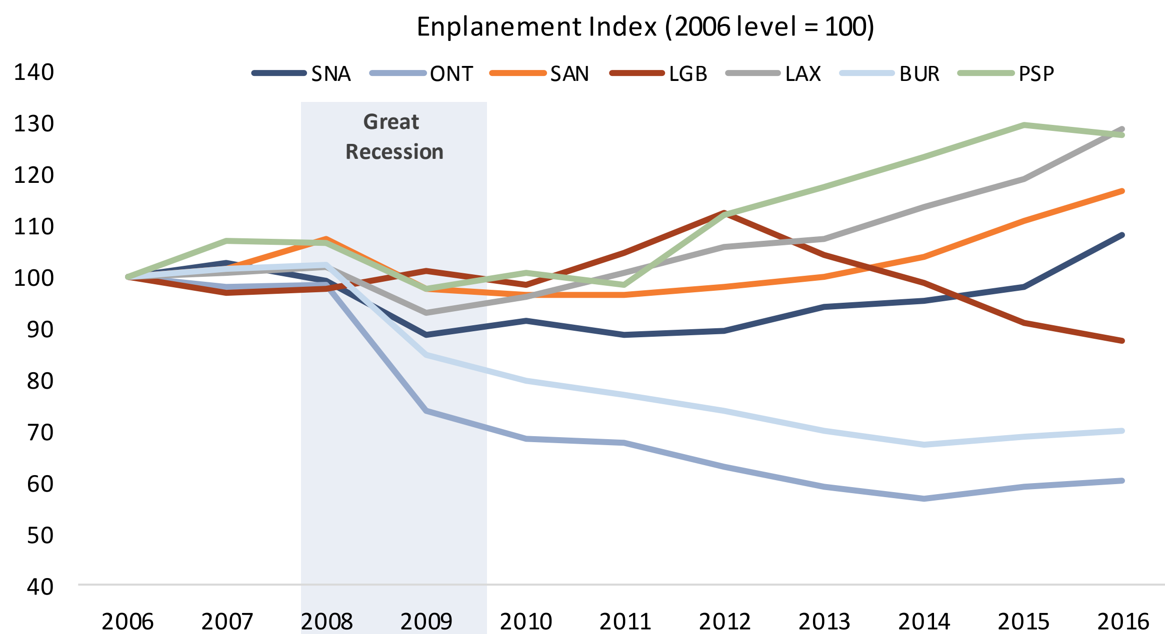
Sources: Airport Authority and U.S. Bureau of Transportation Statistics.

3.2.8 Enplanement and Fare Trends at Southern California Airports

Figure 3-10 compares enplanements trends at SAN with trends at other commercial airports in Southern California. Within 150 road miles of SAN are the following commercial airports with reported historical enplanements[31]: small hubs Long Beach Airport (LGB) and Palm Springs International Airport (PSP); medium hubs John Wayne (SNA), Ontario International (ONT), and Burbank Bob Hope Airport (BUR); and large hub Los Angeles International Airport (LAX).

Among the Southern California commercial airports, SAN's enplanement trends since FY 2006 are most similar to trends at SNA and LAX. SAN and SNA, however, lagged behind LAX in traffic after the recession. BUR and ONT both suffered sustained declines in enplanements—their enplanements levels remain well below pre-recession levels in spite of increases in the last two years. LGB weathered the recession better than all the other airports, but its enplanements have decreased steadily since reaching a peak in FY 2012.

Figure 3-10: Enplanement Trends at SAN and Southern California Airports



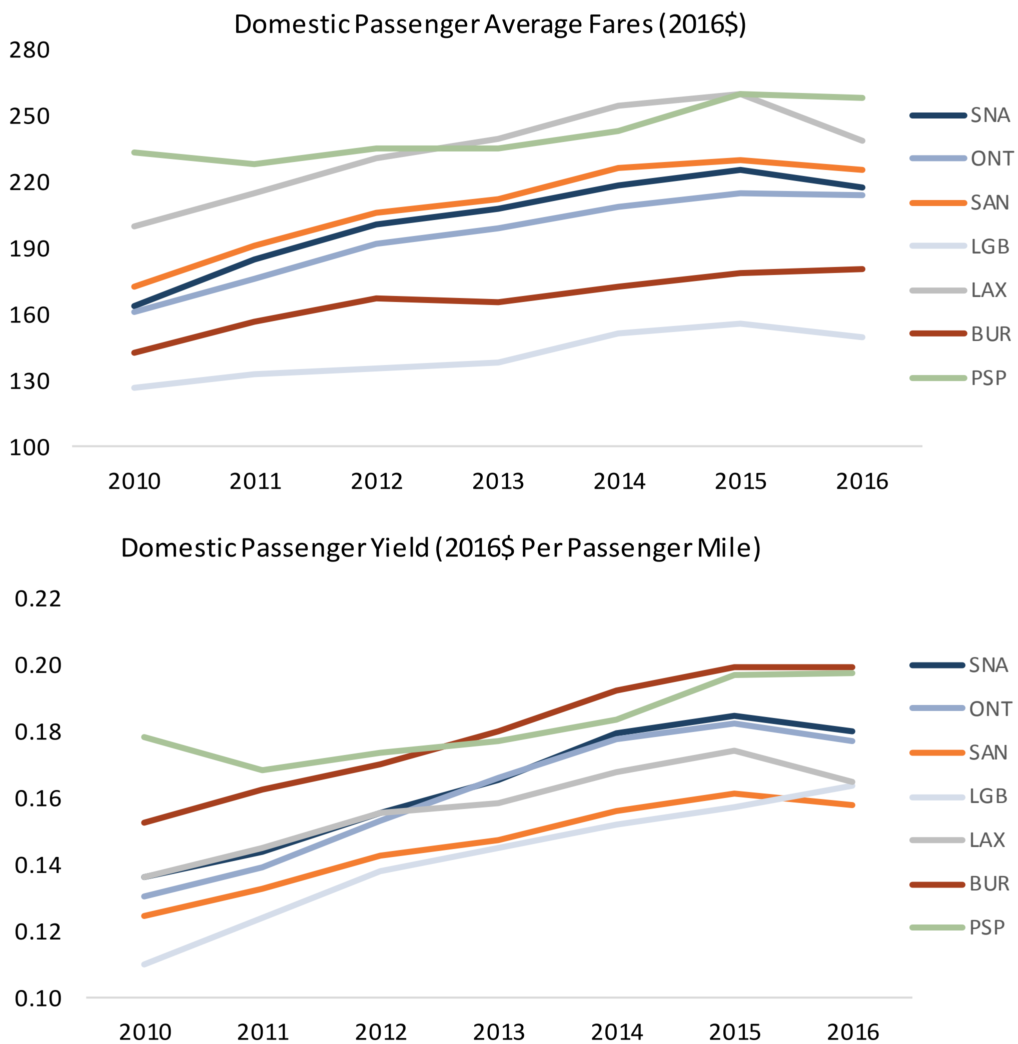
Sources: Airport Authority and U.S. Bureau of Transportation Statistics.

Passengers consider airfares as one factor when choosing airlines and airports (if they have access to more than one airport). Airlines consider yields, measured as revenue per passenger mile, when choosing which airports to serve. Figure 3-11 shows the trends in domestic average fares and

[31] See Table 2-1 (and footnotes) in Section 2 regarding Imperial County Airport and San Bernardino International Airport, neither of which had historical information to include in this analysis.

passenger yields at SAN and the other Southern California airports with reported historical commercial service. SAN's domestic average air fare is the third-highest in the region after LAX and PSP. Controlling for distance, domestic passenger yields indicate that SAN is actually more price-competitive than the Airport's average fares suggest. Yields at SAN were the lowest in the region in 2016, falling below yields at LGB which were the lowest in previous years.[32] Yield trends at SAN follow the regional and national trends.

Figure 3-11: Domestic Average Fares and Passenger Yields at So. Calif. Airports By Fiscal Year



Source: U.S. Bureau of Transportation Statistics DB1B. The analysis removed itineraries with fares below $50 to exclude frequent flier, nonrevenue and other discounted fare tickets.

[32] Lower yields at SAN, relative to other airports in Southern California, indicate that SAN is price competitive, which is a positive indicator for demand at SAN.

3.2.9 Air Cargo

According to ACI-NA statistics, SAN ranked 29th among U.S. airports for cargo tons handled in CY 2015. Air cargo tonnage, consisting of enplaned freight and mail, recovered to pre-recession levels at SAN in FY 2014 (Table 3-6). The Airport enplaned nearly 92 million tons of cargo the following year (FY 2015), the highest level of cargo tonnage recorded at SAN since FY2000. Total cargo tonnage declined only slightly in FY 2016, and remained above pre-recession levels.

Table 3-6: SAN Enplaned Cargo

	Mail (tons)		Air Freight (tons)		Total
Fiscal Year	Weight	% of Total	Weight	% of Total	(tons)
2006	12,924	15.3%	71,719	84.7%	84,644
2007	13,369	15.6%	72,092	84.4%	85,460
2008	12,950	17.4%	61,643	82.6%	74,593
2009	13,338	19.6%	54,813	80.4%	68,150
2010	13,088	18.9%	56,338	81.1%	69,427
2011	13,250	19.0%	56,445	81.0%	69,694
2012	13,574	17.2%	65,426	82.8%	79,000
2013	13,692	16.2%	70,879	83.8%	84,571
2014	14,175	15.8%	75,387	84.2%	89,562
2015	15,670	17.0%	76,239	83.0%	91,909
2016	15,798	17.4%	75,011	82.6%	90,809
			Compound Annual Growth Rate		
2006-2016	2.0%		0.4%		0.71%

Source: Airport Authority.

3.2.10 Commercial Aircraft Departures

Departures (landings) performed by commercial aircraft at SAN are shown in Table 3-7. Departures increased from 83,520 in 2012 to 88,305 in FY 2016, averaging 1.4 percent in growth annually. Departures decreased between FY 2015 and FY 2016, while enplanements increased. This trend potentially reflects the airlines' continuing efforts to increase load factors while operating aircraft with more seating capacity (mainline service). Subtotals for mainline and regional service in FY 2016 show mainline departures increased, while regional departures decreased.

Noncommercial operations at SAN include both Military and General Aviation (GA) flights. Flight records from the FAA's Terminal Area Forecast (TAF) show that around 800 military departures took place at the Airport in FY2016, while GA operations accounted for approximately 4,900 departures that year. Military departures increased in FY2015 (21 percent) and FY2016 (26 percent), after falling by around 56 percent between FYs 2009 and 2014. GA departures at SAN decreased by 36 percent through the Great Recession (FYs 2007-2009), but are showing signs of recovery in recent years. GA operations grew 4 percent in FY2015 and 3 percent in FY2016.

Table 3-7: SAN Landings by Airline by Fiscal Year

	Landings					Market Share				
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2012**	**2013**	**2014**	**2015**	**2016**
Mainline										
Southwest	32,100	31,266	31,092	33,421	33,328	38.4%	36.8%	36.4%	37.7%	37.7%
American[1]	9,015	8,998	9,255	8,875	9,153	10.8%	10.6%	10.8%	10.0%	10.4%
United	9,539	8,905	8,725	8,187	8,401	11.4%	10.5%	10.2%	9.2%	9.5%
Delta	6,317	6,147	6,029	6,422	6,857	7.6%	7.2%	7.1%	7.2%	7.8%
Alaska	4,771	5,478	6,311	6,276	6,459	5.7%	6.5%	7.4%	7.1%	7.3%
Spirit	718	1,507	1,764	2,109	2,463	0.9%	1.8%	2.1%	2.4%	2.8%
Virgin America	1,465	1,667	1,657	1,713	1,983	1.8%	2.0%	1.9%	1.9%	2.2%
JetBlue	1,169	1,182	1,336	1,363	1,392	1.4%	1.4%	1.6%	1.5%	1.6%
Frontier	1,584	1,481	1,423	1,119	851	1.9%	1.7%	1.7%	1.3%	1.0%
Air Canada[2]	725	475	359	356	423	0.9%	0.6%	0.4%	0.4%	0.5%
Hawaiian	367	365	368	365	368	0.4%	0.4%	0.4%	0.4%	0.4%
Japan Airlines	-	112	365	365	366	0.0%	0.1%	0.4%	0.4%	0.4%
British Airways	364	356	363	363	364	0.4%	0.4%	0.4%	0.4%	0.4%
Other[3]	1,037	877	834	764	902	1.2%	1.0%	1.0%	0.9%	1.0%
Subtotal - Mainline	**69,171**	**68,816**	**69,881**	**71,698**	**73,310**	**82.8%**	**81.0%**	**81.9%**	**80.8%**	**83.0%**
Regional										
SkyWest[4]	7,352	9,594	8,924	8,681	5,637	8.8%	11.3%	10.5%	9.8%	6.4%
Compass	-	-	146	2,298	4,116	0.0%	0.0%	0.2%	2.6%	4.7%
Horizon[5]	106	1,400	1,538	1,429	976	0.1%	1.6%	1.8%	1.6%	1.1%
American Eagle[6]	3,586	1,832	965	-	-	4.3%	2.2%	1.1%	0.0%	0.0%
Subtotal - Regional	**11,044**	**12,930**	**12,189**	**13,721**	**11,496**	**13.2%**	**15.2%**	**14.3%**	**15.5%**	**13.0%**
All Cargo										
FedEx Express	1,278	1,248	1,274	1,266	1,383	1.5%	1.5%	1.5%	1.4%	1.6%
Other[7]	2,027	1,916	1,980	2,054	2,116	2.4%	2.3%	2.3%	2.3%	2.4%
Subtotal - All Cargo	**3,305**	**3,164**	**3,254**	**3,320**	**3,499**	**4.0%**	**3.7%**	**3.8%**	**3.7%**	**4.0%**
TOTAL	**83,520**	**84,910**	**85,324**	**88,739**	**88,305**	**100%**	**100%**	**100%**	**100%**	**100%**

[1] Landings combined for American and US Airways. American merged with US Airways in December 2013 and began operating as a single carrier in April 2015.
[2] Landings combined for Air Canada Rouge and Jazz Aviation.
[3] Includes airlines that ceased operating at SAN during the period shown and airlines that accounted for less than 0.4 percent of market share in 2016.
[4] Includes Delta Connection, United Express, US Airways Express (2012-2015) and American Airlines (2013).
[5] Operating as Alaska Airlines.
[6] Operating as American Airlines.
[7] Includes departures for Ameriflight, Air Transport Int'l, UPS Airlines, Atlas Air, and West Air.
Source: Airport Authority.

3.2.11 Commercial Aircraft Landed Weight

Table 3-8 shows increasing trends in aircraft landed weight at SAN. Landed weight increased from 10.8 billion pounds in FY 2012 to 12.1 billion pounds in FY 2016, growing at an average rate of 2.7 percent per year. The slower growth in landings over the same period implies that larger aircraft were operated at higher load factors to accommodate the increasing number of passengers at SAN.

Table 3-8: SAN Revenue Landed Weight by Airline by Fiscal Year

Airline	Landed Weight (Thousand Pounds)[1]					2016 % of Total
	2012	2013	2014	2015	2016	
Southwest	3,953,536	3,907,554	3,925,362	4,214,314	4,257,162	35.3%
American[2]	1,344,140	1,339,751	1,349,554	1,359,911	1,467,922	12.2%
United[3]	1,502,203	1,387,854	1,340,736	1,227,974	1,250,500	10.4%
Delta	1,047,068	1,023,608	1,016,878	1,077,103	1,153,074	9.6%
Alaska[4]	648,359	750,000	884,727	888,065	924,310	7.7%
FedEx	452,453	451,797	419,127	384,686	444,038	3.7%
SkyWest[5]	306,789	428,595	396,054	408,608	359,197	3.0%
Spirit	98,931	208,200	245,669	296,925	351,977	2.9%
Compass	-	-	10,979	172,754	307,793	2.6%
Visgin America[4]	208,253	235,934	232,136	240,781	281,411	2.3%
JetBlue	166,232	168,080	189,979	193,848	199,232	1.7%
British Airways	167,440	163,760	166,980	166,980	183,760	1.5%
Hawaiian	118,088	140,637	147,325	146,284	147,406	1.2%
Japan Airlines	-	47,125	138,700	138,700	139,080	1.2%
United Parcel Service	120,454	118,180	121,742	127,660	135,318	1.1%
Others	685,956	644,639	600,817	479,127	445,964	3.7%
TOTAL	**10,819,901**	**11,015,716**	**11,186,765**	**11,523,720**	**12,048,144**	**100.0%**

[1] Totals may not add due to rounding.
[2] Effective December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. American Airlines and US Airways began operating as a single airline (under the American brand) in October 2015. Landed weight is for both American and US Airways.
[3] On October 1, 2010, United Airlines and Continental Airlines merged. United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012. Landed weight is for both United Airlines and Continental Airlines.
[4] In December 2016, Alaska Air Group acquired Virgin America, Inc. Alaska and Virgin currently are operating under separate FAA certificates, but are expected to begin operating under one certificate in the first quarter of 2018.
[5] Affiliate of and doing business as United Express, Delta Connection, and Alaska Airlines.
[6] Affiliate of and doing business as American Airlines and Delta Air Lines.
Source: Airport Authority.

3.3 Forecast Commercial Aviation Activity

Forecasts are presented for three key measures of commercial aviation activity—enplanements, aircraft landings, and landed weight—for the period of FY 2017 through FY 2023. Forecast enplanement levels, in turn, determine the number of aircraft operations and corresponding landed weight, along with assumptions regarding trends in boarding load factors.

3.3.1 Hybrid Regression Forecast

The forecast for the first year is supply-driven, based primarily on published airline flight schedules for up to one year ahead. Airlines plan their schedules based on passenger bookings, and the schedules therefore reflect near-term market demand. The schedules also establish the baseline data on commercial aircraft operations. Beyond the first year, forecasts are demand-driven. Market demand factors drive growth in enplanements. The Hybrid Regression Forecast is based on Unison's hybrid modeling framework for unconstrained air travel demand forecasting. This hybrid modeling framework incorporates both scheduled air service supply and market demand drivers. The resulting forecast is supply-driven in the short run and demand-driven in the long run.

Multivariate time series regression analysis links enplanement growth to trends in market demand drivers. This approach combines elements of multiple regression and time series regression methods. This econometric modeling technique provides the ability to incorporate many explanatory variables, quantify the contribution of each explanatory variable to aviation activity trends, and account for time trends and any serial correlation in time series data. The model estimation process using the least squares method is designed to minimize forecast errors.

The regression model specification for SAN's passenger traffic is based on the underlying theory of consumer demand and the dynamics of traffic growth at the Airport. The regression coefficients that measure contributions of market demand drivers (explanatory variables) to SAN enplanement growth trends are estimated using historical annual data from 1993, controlling for the effects of any structural changes in air service and extra-ordinary events like the 2001 terrorist attacks. The estimated regression coefficients are then used to generate forecasts of SAN enplanements based on projected trends for the model explanatory variables.

For the regression model of passenger traffic, total enplanements serve as the dependent variable. The three key explanatory variables (independent variables) in the regression model of passenger traffic are two economic indicators and an indicator for price, as follows:

- Economic trends (two variables, one for regional economic trends and a second variable for national economic trends): The regression model includes two economic indicators: the real gross domestic product (GDP) for the San Diego-Carlsbad MSA to capture regional economic trends, and the U.S. unemployment rate to indicate national economic trends. GDP was selected to track regional economic trends because it provides a comprehensive measure of economic health that accounts for employment, incomes, production, trade, and other important indicators of the regional economy. The regression coefficient estimates for these variables confirm their expected effects on SAN enplanement trends. Holding all other factors constant, growth in regional real GDP and decreases in U.S. unemployment rate, indicating overall national economic growth, promote growth in SAN enplanements. Conversely, economic downturns and increases in unemployment decrease SAN enplanements.

- Airline yield trends: Consumer demand is inversely related to price. Demand increases when price decreases and decreases when price increases, if all other things are equal. The regression model uses the average real passenger yield at SAN as the indicator for the price of air travel. Passenger yield, which is the average revenue per passenger mile, is a better price indicator than the average fare, because it controls for trip distance.

The regression model also includes an explanatory variable to account for the adverse effects of the terrorist attacks in 2001 and the subsequent structural changes in the travel market and the airline industry. The terrorist attacks had profound effects on the airline industry and airports, including SAN. They caused a sharp decrease in enplanements, prompted more stringent security screening processes at airports that caused lasting changes in the demand for air travel, and they set in motion other structural changes in the airline industry.

Figure 3-12, Figure 3-13, and Figure 3-14 exhibit the historical and six-year projections of the three key explanatory variables (demand drivers) used in the regression model. Forecasts for regional and economic trends were obtained from Moody's Analytics, while projections for real yields at SAN were developed using the latest FAA Aerospace Forecast assumptions for growth in real yields.

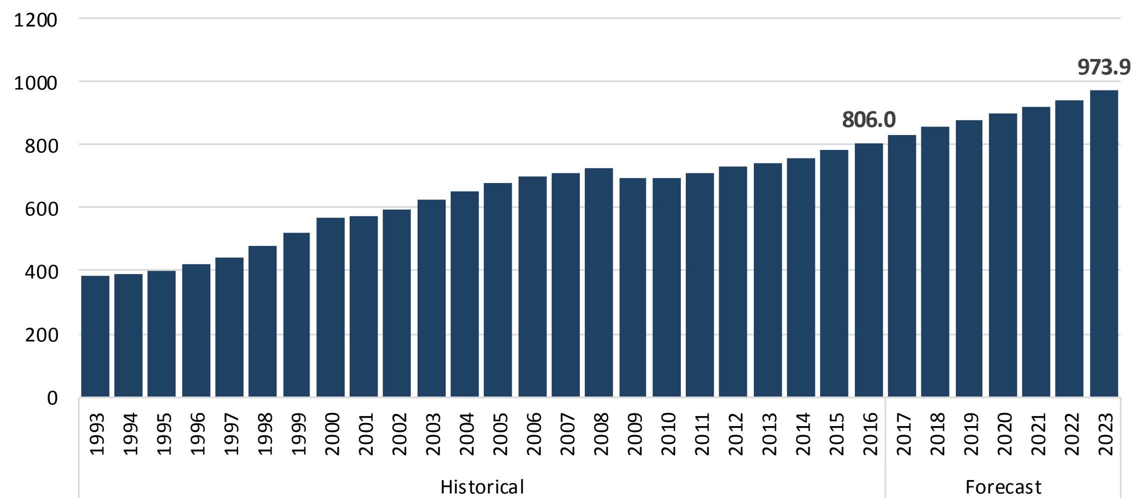
- Regional economic trends (Figure 3-13): Although San Diego's regional GDP decreased during the Great Recession, the economy recovered to pre-recession levels by 2012. Several cities across the country suffered a deep economic decline during the Great Recession, and did not recover as quickly. The enplanement slump experienced at SAN tracked closely with these changes in the regional economy. Subsequent increases in enplanements at SAN lagged the economic recovery of the San Diego MSA because air traffic demand at SAN is also affected by national economic trends (described in the next paragraph).[33] The relationship between changes in the regional economy and air traffic demand at SAN is captured in the multivariate regression model specifications. According to Moody's Analytics, San Diego's regional economy will continue to grow at an annual average rate of 2.7 percent through 2023. The long-term forecast does not anticipate any deep downturns in the regional economy.

- National economic trends (Figure 3-14): Reflecting improving national economic conditions, the U.S. unemployment rate has been declining steadily from a peak level of 9.6 percent reached in 2010. The 4.9 percent U.S. unemployment rate in 2016 reflects a national economy near full employment. According to Moody's Analytics' economic forecast, the U.S. unemployment rate will continue to decline for another three years before rising again, but it will not rise to levels reached during the Great Recession. It will rise to 5.4 percent in 2022 and then taper around 4.9 percent. The long-term forecast does not anticipate any national recession.

- Airline yield trends (Figure 3-15): The average real passenger yield at SAN mostly decreased for over a decade through FY 2005, including a sharp drop after FY 2001. The average passenger real yield at SAN has remained at the lower level since then. The FAA's most recent forecasts for mainline passenger yields do not anticipate significant changes during the forecast period.

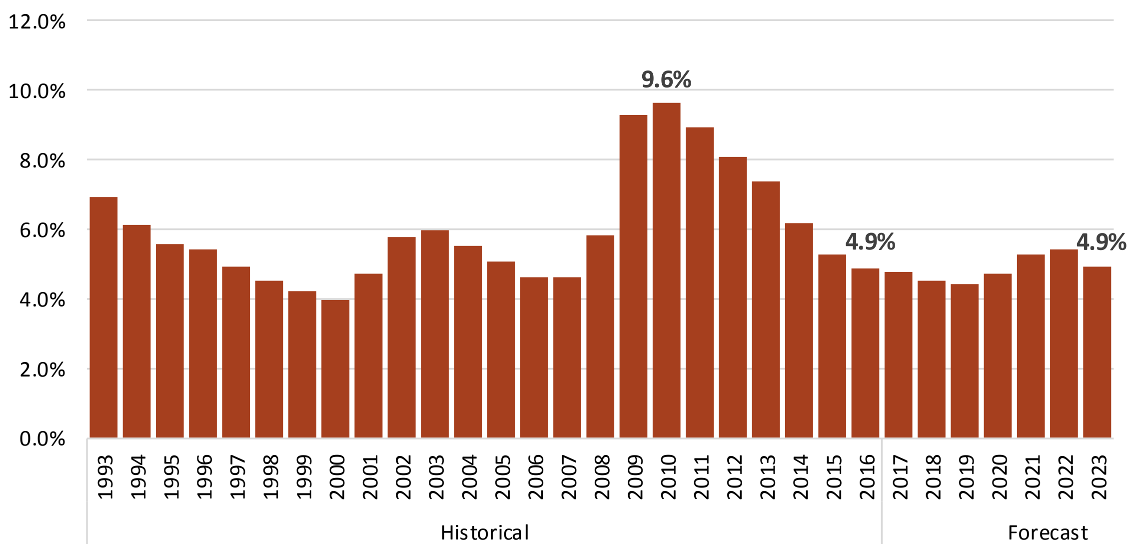
[33] Air traffic activity at SAN is not a function of solely the regional economy. Visitors who fly to SAN come from other parts of the nation, and that portion of the air traffic demand at SAN is influenced by national economic trends. In addition, the airline capacity increases at SAN lagged the economic recovery in the San Diego MSA, as a result of the capacity discipline implemented by the airlines nationwide during the Great Recession.

Figure 3-12: Real Gross Domestic Product (Billion Chained 2009$) - San Diego-Carlsbad MSA



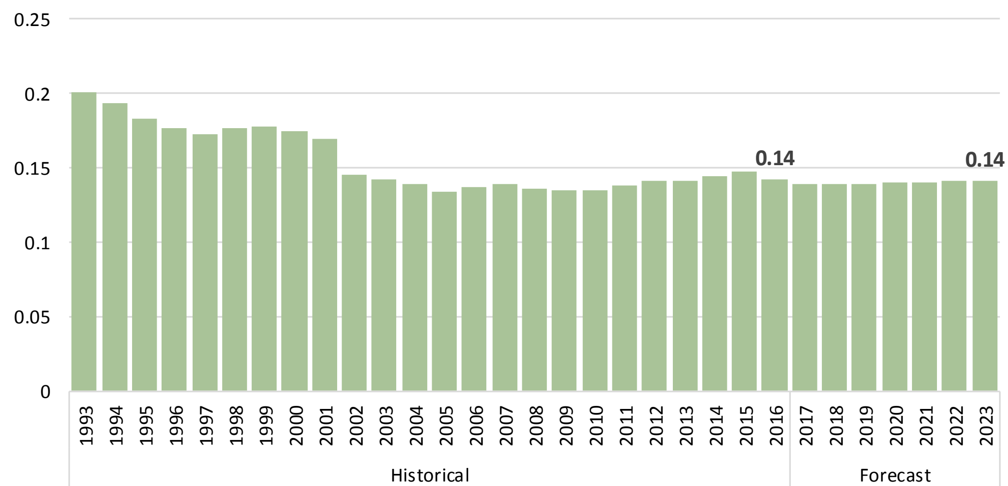
Sources: U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics.

Figure 3-13: Unemployment Rate - U.S.



Sources: U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics.

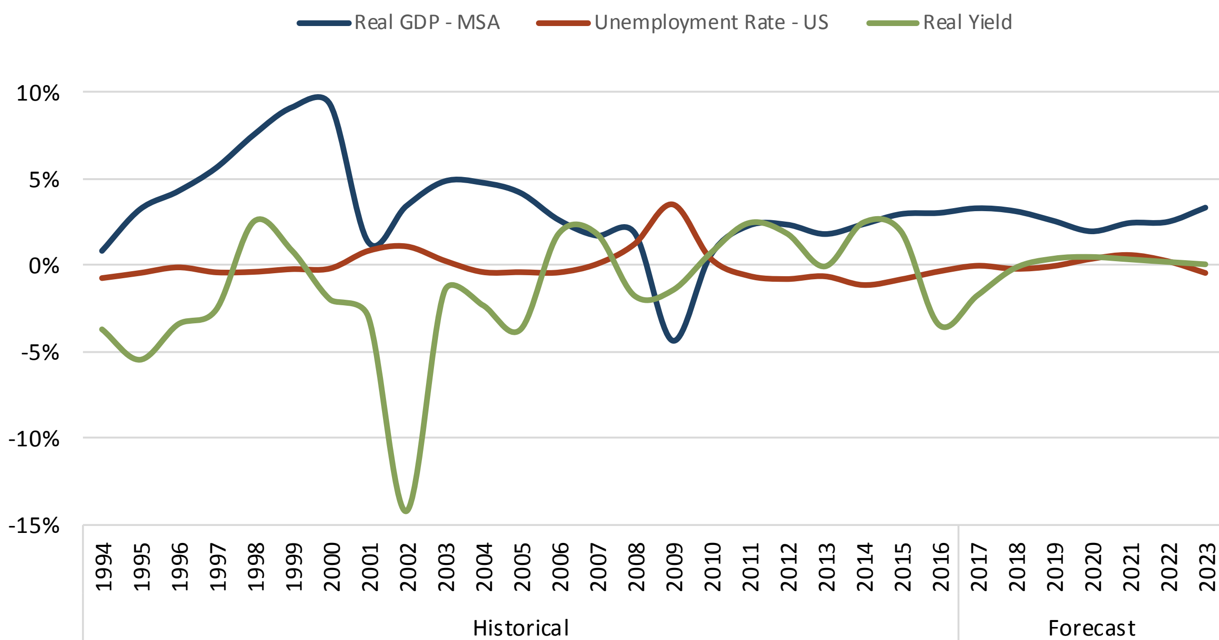
Figure 3-14: SAN Real Yields (2009$)



Fares below $50 are dropped from the sample to exclude frequent flier, nonrevenue and other discounted fare tickets.
Yields are reported in 2009 dollars to be consistent with the reference year of the real GDP estimates. The BEA rebased its real GDP estimates to chained 2009 dollars for the latest comprehensive revision.
Source: U.S. Bureau of Transportation Statistics (DB1B 10%-sample airline ticket survey) and FAA Aerospace Forecast: Fiscal Years 2017-2037.

Figure 3-15 shows the annual growth trends in the three key explanatory variables used in the regression model (regional GDP, U.S. unemployment rate, and real passenger yield at SAN). These three explanatory variables explain the variation in historical enplanement trends at SAN, and drive the forecast trends in the Airport's enplanements beyond 2017.

Figure 3-15: Changes in Key Explanatory Variables



Sources: U.S. Bureau of Transportation Statistics (DB1B 10% ticket survey) and Federal Aviation Administration for SAN real passenger yield; U.S. Bureau of Economic Analysis (BEA) and Moody's Analytics for real per capita GDP in the San Diego-Carlsbad, MSA and the U.S. unemployment rate.

3.3.2 Forecast Results

The model coefficient estimates measuring the contributions of market drivers to growth in SAN's enplanements, along with projections of trends in the three key market demand drivers (explanatory variables) discussed above (regional GDP, U.S. unemployment rate, and average real passenger yield at SAN), produce the forecast growth in enplanements beyond the first year of the forecast period. The regression model also accounts for the effects of the 2001 terrorist attacks on historical trends and controls for the serial correlation inherent in the time series data used for model estimation.

As stated previously in the discussion of the input variables of the regression model, the forecasts from Moody's Analytics do not anticipate any deep downturns in the regional economy or any national recession during the forecast period.

Recognizing uncertainty in the future trends of key market drivers, alternative forecasts were developed using Monte Carlo simulation. A comprehensive approach to forecast risk analysis Monte Carlo simulation uses probability distributions and random sampling techniques for assigning future values to the three key explanatory variables of the regression model. The simulation, involving 5,000 iterations, produced a wide range of possible scenarios for future enplanement growth and corresponding percentile rankings. Percentiles provide an indication of the likelihood of each of the forecast scenarios.[34]

Base Forecast

The regression analysis and assumptions produce the base enplanement forecast, which are slightly higher than the median result in the first two years of the forecast period, and decrease to levels between the median and 25-percentile ranges.

Under the base forecast, enplanements will increase from 10.5 million in FY 2017 to 11.8 million in FY 2023, growing at an average annual rate of 1.9 percent (Table 3-9). Aircraft landings will increase 1.4 percent from 91,000 in FY 2017 to 95,100 in FY 2023, while landed weight is projected to increase from 12.7 billion pounds to 13.6 billion pounds over the same period. The FAA's TAF estimates higher enplanements than the base forecast through FY 2023. However, these two projections appear to be converging towards the latter part of the forecast years. According to the TAF, annual enplanements will grow at an average rate of 2.5 percent, reaching 12.2 million in FY 2023—3 percent higher than the base forecast for that year.

Low Forecast

The low enplanement forecast is based on the 15-percentile Monte Carlo simulation result, which corresponds with an 85 percent probability estimate that actual enplanements will be equal to or greater than the 15-percentile level. This forecast scenario projects lower boarding load factors and decreases in the number of aircraft departures (landings). Enplanements are forecast to grow at an average annual rate of 1 percent, reaching 11.1 million in FY 2023, while aircraft landings remain lower than current levels (91,000).

Table 3-9 and Table 3-10 present the forecast results for the two scenarios.

[34] The probability distributions for the input variables in the Monte Carlo simulation were chosen from sampling distributions of their historic data.

Table 3-9: Base Forecast Commercial Aviation Activity by Fiscal Year

Air Traffic Measure	Actual						Forecast*							CAGR
	2011	2012	2013	2014	2015	2016	2017**	2018	2019	2020	2021	2022	2023	2017-23
Total enplanements (mill.)	8.45	8.59	8.74	9.08	9.71	10.21	10.51	10.76	10.94	11.04	11.18	11.39	11.79	1.9%
Annual growth rate		1.7%	1.7%	3.9%	6.9%	5.1%	3.0%	2.3%	1.7%	0.9%	1.3%	1.9%	3.5%	
Total aircraft departures (thous.)	83.7	83.5	84.9	85.3	88.7	88.3	91.0	91.0	92.5	93.2	93.4	93.9	95.1	0.7%
Annual growth rate		-0.2%	1.7%	0.5%	4.0%	-0.5%	3.0%	0.0%	1.6%	0.8%	0.2%	0.6%	1.3%	
Total landed weight (billion lbs.)	10.61	10.82	11.01	11.19	11.53	12.05	12.67	12.67	12.95	13.14	13.23	13.37	13.59	1.2%
Annual growth rate		2.0%	1.8%	1.6%	3.1%	4.5%	5.1%	0.0%	2.2%	1.4%	0.7%	1.1%	1.7%	
Avg. enplanements per passenger aircraft departure	101	103	103	106	109	116	116	118	118	118	120	121	124	
Avg. seats per passenger aircraft departure	131	133	132	135	138	146	150	150	151	152	153	154	154	
Avg. boarding load factor	77.0%	77.4%	77.7%	79.0%	79.2%	79.2%	77.0%	78.8%	78.4%	77.9%	78.4%	79.0%	80.4%	
Avg. aircraft landed weight (thousand pounds)	126.8	129.5	129.7	131.1	130.0	136.5	139.2	139.2	140.1	140.9	141.7	142.3	142.9	

* Except for FY2017, forecasts are based on the annual enplanement growth rates predicted from the regression model of enplanements under base growth assumptions for the trends in key demand drivers.
** The FY2017 forecast is based on available airline schedules for the last four months of the fiscal year.
CAGR: Compound average growth rate.

Table 3-10: Low Forecast Commercial Aviation Activity by Fiscal Year

Air Traffic Measure	Actual						Forecast*							CAGR
	2011	2012	2013	2014	2015	2016	2017**	2018	2019	2020	2021	2022	2023	2017-23
Total enplanements (mill.)	8.45	8.59	8.74	9.08	9.71	10.21	10.51	10.14	10.29	10.41	10.59	10.81	11.12	1.0%
Annual growth rate		1.7%	1.7%	3.9%	6.9%	5.1%	3.0%	-3.5%	1.5%	1.2%	1.7%	2.1%	2.9%	
Total aircraft departures (thous.)	83.7	83.5	84.9	85.3	88.7	88.3	91.0	91.0	87.4	87.9	88.3	89.2	90.5	-0.1%
Annual growth rate		-0.2%	1.7%	0.5%	4.0%	-0.5%	3.0%	0.0%	-4.0%	0.6%	0.5%	1.0%	1.5%	
Total landed weight (billion lbs.)	10.61	10.82	11.01	11.19	11.53	12.05	12.67	12.67	12.25	12.39	12.52	12.70	12.93	0.3%
Annual growth rate		2.0%	1.8%	1.6%	3.1%	4.5%	5.1%	0.0%	-3.3%	1.2%	1.0%	1.5%	1.9%	
Avg. enplanements per passenger aircraft departure	101	103	103	106	109	116	116	111	118	119	120	121	123	
Avg. seats per passenger aircraft departure	131	133	132	135	138	146	150	150	151	152	153	154	154	
Avg. boarding load factor	77.0%	77.4%	77.7%	79.0%	79.2%	79.2%	77.0%	74.3%	78.0%	78.0%	78.5%	79.0%	79.8%	
Avg. aircraft landed weight (thousand pounds)	126.8	129.5	129.7	131.1	130.0	136.5	139.2	139.2	140.2	141.0	141.8	142.4	143.0	

* Except for FY2017, forecasts are based on the annual enplanement growth rates predicted from the regression model of enplanements under low growth assumptions for the trends in key demand drivers.
** The FY2017 forecast is based on available airline schedules for the last four months of the fiscal year.
CAGR: Compound average growth rate.

Comparison of Enplanement Forecasts with Most Recent SAN Enplanement Forecast

The base forecast enplanements are higher than the forecast enplanements in the most recent financial feasibility report prepared for SAN, in January 2014 (the "2014 Report").[35] At the time the 2014 Report was prepared, SAN enplanements had not yet recovered to their pre-Great Recession level. After decreasing in FY 2009, FY 2010, and FY 2011 (decreases of 9.1 percent, 1.0 percent, and 0.2 percent, respectively) in the aftermath of the Great Recession, enplanements at SAN increased slowly in FY 2012 and FY 2013 (increases of 1.6 percent and 1.9 percent, respectively), mirroring the slow pace of the economic recovery in those years. Therefore, the enplanement forecast prepared at that time was deliberately conservative, to reflect the high level of uncertainty surrounding the economic and other factors. Actual enplanements in FY 2014, FY 2015, and FY 2016 were higher than the base forecast in the 2014 Report (higher by 2.7 percent in FY 2014, 7.3 percent in FY 2015, and 10.3 percent in FY 2016). The updated forecasts in this Report reflect the strong rebound in passenger traffic in the past two years, so that the estimated FY 2017 enplanements in this Report are 12.1 percent higher than the forecast 2017 enplanements in the 2014 Report. During the remainder of the forecast period, the percentage difference between the base forecast enplanements in this report and the base forecast in the 2014 Report increases from 13.4 percent in FY 2018 to 16.7 percent in FY 2023.

Comparison of Enplanement Forecasts with FAA Terminal Area Forecast (TAF)

The FAA develops annual airport forecasts for planning, budgeting, and staffing purposes (the Terminal Area Forecast, or TAF). The most recent TAF was published in January 2017. Forecast publications lag more than a year behind forecast development, and so the latest TAF considers actual performance only through federal fiscal year 2015 (which ended on September 30, 2015). Figure 3-16 compares the FAA's TAF enplanement estimates with the range of forecast enplanements, which include select Monte Carlo simulation results. The base enplanement forecast, a low growth forecast, and the TAF enplanement estimates are highlighted for comparison. Although the FAA estimates higher enplanements than the base forecast through FY 2023, these two projections appear to be converging towards the latter part of the forecast years. According to the TAF, annual enplanements will grow at an average rate of 2.5 percent, reaching 12.2 million in FY 2023—3 percent higher than the base forecast for that year.

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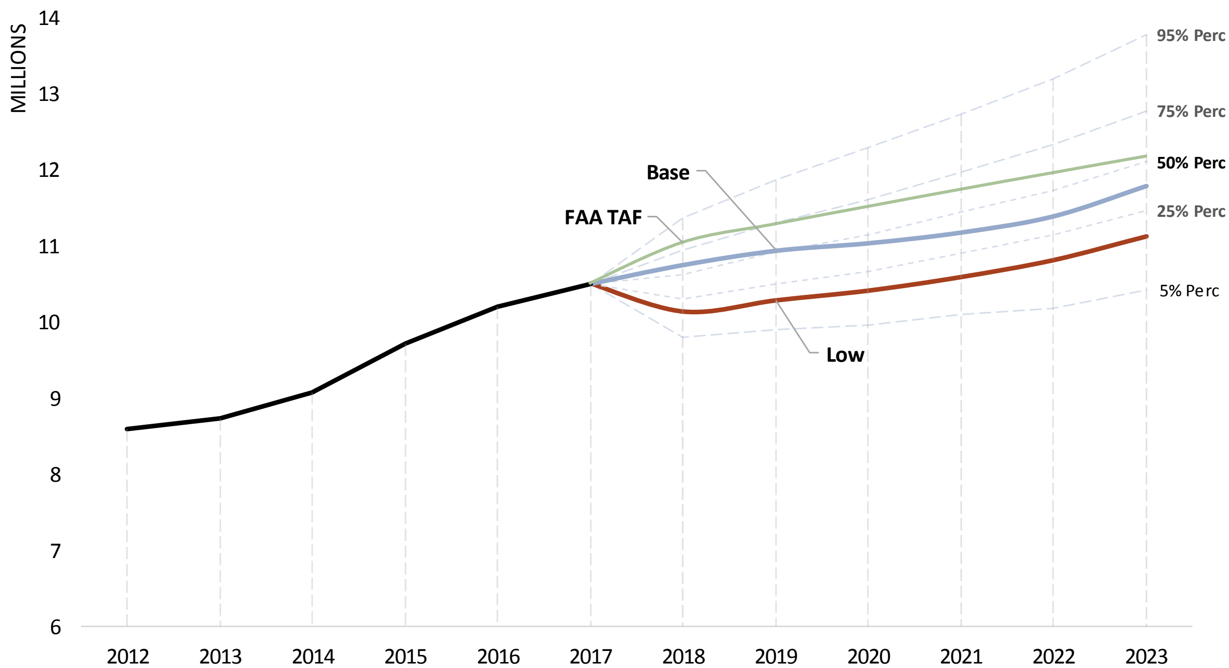
[35] Unison Consulting, Inc., *Financial Feasibility Report, San Diego County Regional Airport Authority, Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project), Series 2014A and Series 2014B,* January 23, 2014.

Figure 3-16: Comparison of SAN Forecast with FAA Terminal Area Forecast



FAA TAF enplanements are converted from Federal FYs to the Airport's FYs.
Sources: FAA Terminal Area Forecast (TAF) and Unison Consulting, Inc. (all other forecasts).

3.4 Sources of Forecast Risk and Uncertainty

The forecasts of aviation activity are based on information available at the time of analysis, measurable factors that drive air travel demand, and assumptions about the availability and characteristics of airline service at the Airport. Forecasts, however, are inherently uncertain. Broader factors affecting the aviation industry and the airport can cause the Airport's actual performance to differ from the forecasts. Several of these factors are discussed below.

3.4.1 Economic Conditions

National and regional economic conditions drive trends in the Airport's commercial aviation activity. Economic expansions increase income, boost consumer confidence, stimulate business activity, and increase air travel demand. In contrast, economic recessions reduce income, diminish consumer confidence, dampen business activity, and weaken air travel demand. The regional economy moves with the national economy. While the diversity of the regional economy helps temper the effects of business cycles, the regional economy can be vulnerable to a national economic recession as deep as the Great Recession in 2008-2009. During the Great Recession, the regional economy suffered declines in output (real GDP), income, and employment.

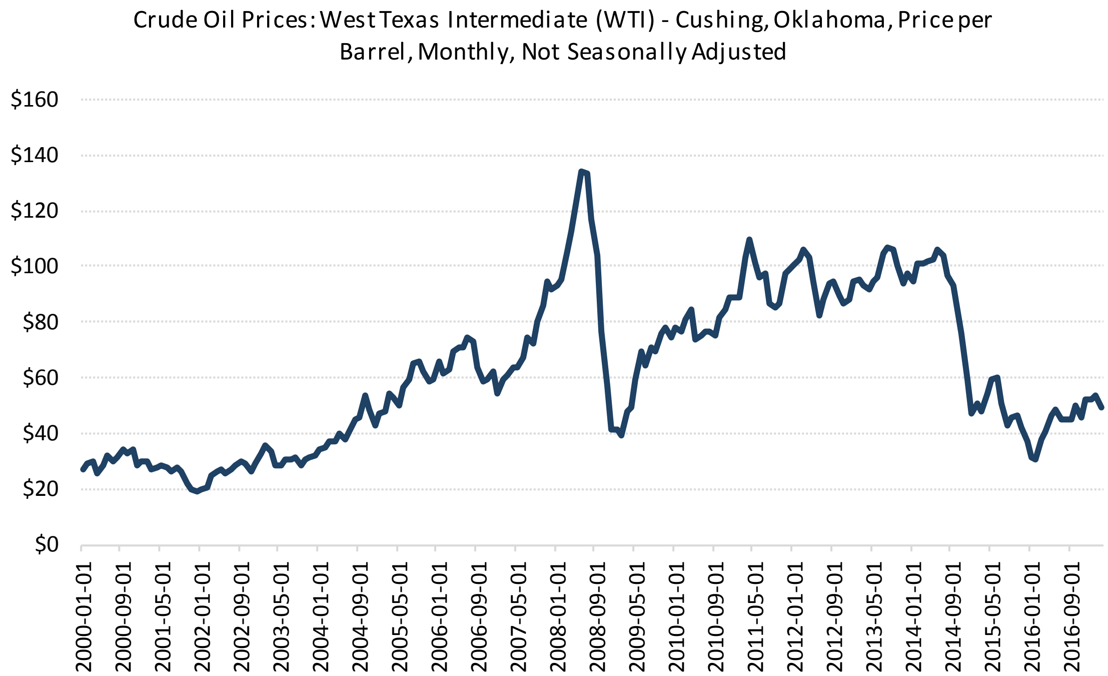
The U.S. economy is now on its eighth year of expansion after the Great Recession. Driven by growth in consumer spending and business investment, the U.S. economy is predicted by economic experts to continue growing over the next few years. While the probability of a recession remains low, many factors within the country and abroad present economic risks. The air traffic forecasts presented in this section are based on specific assumptions about future economic growth. As stated previously in the discussion of the input variables of the regression model, the forecasts from Moody's Analytics do not anticipate any deep downturns in the regional economy or any national recession during the forecast period. If the regional and national economy were to grow at a slower pace than projected, or experience another recession, the Airport's air traffic could fall short of the forecasts.

3.4.2 Trends in Oil Prices and Jet Fuel Prices

Oil prices affect one of the largest components of airline costs—jet fuel. The sharp increase in oil prices in the past decade, shown in Figure 3-17, resulted in huge financial losses in the U.S. airline industry, pushing many airlines into bankruptcy and prompting significant changes in airlines' operations and business practices.

World oil prices have declined since mid-2014. From a June 2014 peak near $106 per barrel, West Texas Intermediate (WTI) spot oil prices fell to their lowest level of around $30 per barrel in February 2016, before climbing to just under $47 in October 2016, as shown in Figure 3-18. Oil prices have recovered to over $52 as of January 2017, and the U.S. Energy Information Administration projects oil prices to average $52 per barrel this year. The U.S. Energy Information Administration does not anticipate oil prices to rise in 2017; however, upward price pressures are expected to emerge in 2018 as inventories decrease to match demand more closely. Ultimately, there is considerable ambiguity surrounding oil prices for the next few years. Geopolitical events, Organization of the Petroleum Exporting Countries (OPEC) production cuts, whether individual OPEC members adhere to those production cuts, and continuing technological improvements in U.S. oil production can push oil prices in either direction.

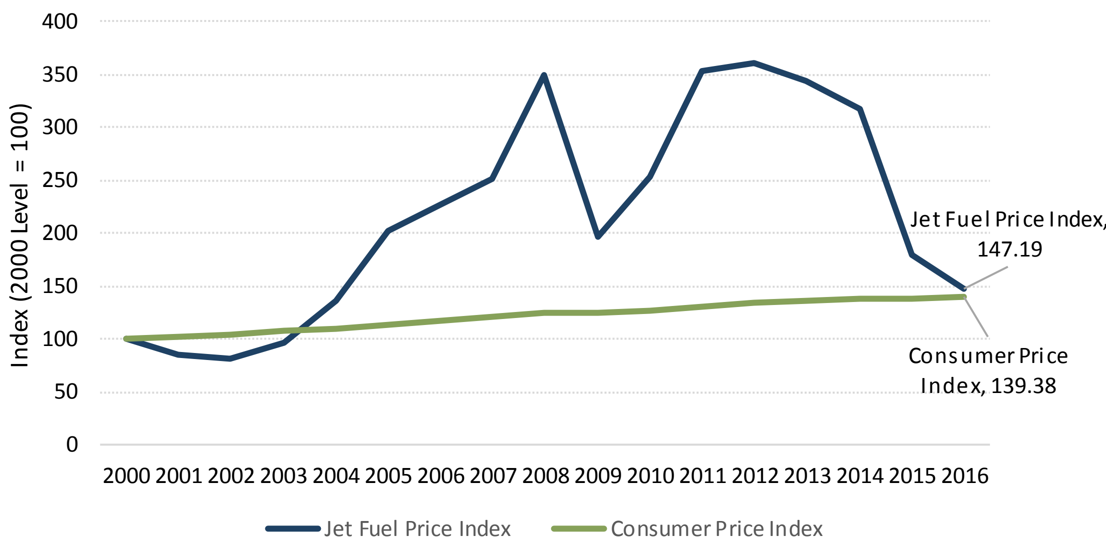
Figure 3-17: Crude Oil Prices



Sources: U.S. Energy Information Administration and Unison Consulting, Inc.

Jet fuel prices increased—reaching their highest levels in 2012—and decreased along with oil prices. Despite recent decreases, the overall increase in jet fuel prices (nearly 47 percent) from 2000 to 2016 was still greater than the general price increase (39 percent) over the same period (Figure 3-18). The sharp decrease in jet fuel prices since 2014 has contributed to record profits for airlines.

Figure 3-18: U.S. Jet Fuel and Consumer Price Indexes



Sources: U.S. Bureau of Transportation Statistics, U.S. Bureau of Labor Statistics, and Unison Consulting, Inc.

3.4.3 Financial Health of the U.S. Airline Industry

Airports benefit from stable and growing air service when airlines are profitable. They risk losing service, when airlines suffer financial hardship. The business of airlines is highly cyclical, intensely competitive, and capital intensive. Over the years, the U.S. airline industry has struggled to sustain profits. Today, the U.S. airline industry is finally reaping the benefits of business restructuring, capacity restraint, cost-cutting measures, and productivity improvements, helped by the recent decline in oil prices.

As shown in Figure 3-19, from 2000 to 2016, the U.S. airline industry incurred losses amounting to $83.9 billion in seven years, and made profits amounting to $94.3 billion in the other ten years. The period since 2010 has been one of the industry’s most profitable, with industry profits averaging $9.4 billion each year. Airports have benefitted by seeing increases in airline service. Since 2015, SAN has enjoyed annual increases of at least 5 percent in scheduled airline seats.

Figure 3-19: Annual Net Profit of U.S. Passenger and Cargo Airlines (Billions)

Sources: U.S. Bureau of Transportation Statistics and Unison Consulting, Inc.

3.4.4 Performance of the Airport's Largest Carrier

The Airport's largest carrier is Southwest Airlines, which accounted for 38 percent of the Airport's FY2016 enplanements. Southwest's operating performance and business decisions have implications for the stability and growth of the Airport's traffic.

Southwest operates a network of 101 destinations in the United States and eight other countries with more than 3,900 departures a day during peak travel season. Based on the U.S. DOT's most recent airline traffic data, Southwest is the nation's largest carrier in terms of O&D passengers boarded. Southwest also holds the record of being the only U.S. airline that has been consistently profitable. In 2016, Southwest reported its 44th profitable year in less than 46 years of service. In 2016, Southwest earned a net income of $2.4 billion, a 10 percent increase from its net income in 2015, and more than double its net income in 2014.[36]

In the last 10 years, Southwest experienced a number of milestones: (1) the repeal of the Wright amendment, lifting restrictions in air service at Southwest's home base Dallas Love Field beginning in October 2014; (2) the acquisition of AirTran Airways, Inc., in May 2011; (3) access to gates at key U.S. airports (Ronald Reagan National, La Guardia, and Boston Logan) given up by American Airlines and US Airways as a condition of the Department of Justice approval of their merger in December 2013; and (4) the start of international service. These milestones allowed Southwest to expand its network. In 2013, Southwest broke ground on its five-gate, international facility at Houston's William P. Hobby Airport. This international facility was completed in October 2015 to

[36] Southwest Airlines Investor Relations at http://www.southwestairlinesinvestorrelations.com.

serve destinations in the Caribbean, Mexico, Central America, and the northern cities of South America.

To increase and introduce service at those other airports, Southwest had to cut capacity elsewhere, working within the constraints of its fleet and crew. San Diego International Airport suffered cuts in Southwest seats in 2009-2013,[37] along with other airports. Southwest has since increased its fleet and crew, and restored capacity at the Airport. The number of seats Southwest has scheduled at the Airport in 2017 exceeds the prior peak record set in 2008. The experience in 2009-2013, however, shows how the airlines' business decisions can affect passenger traffic at the Airport.

3.4.5 Airline Mergers

Airline mergers affect service and traffic at airports, when the merging airlines consolidate facilities, optimize route networks, and route connecting traffic through other hubs. The impact on affected airports is often immediate. The extent of the impact depends upon a number of considerations, including whether the merging airlines have a large market share at the Airport, whether they carry significant connecting traffic through the Airport, and whether they serve the same markets from the Airport.

Recent mergers include Delta and Northwest in 2008, United and Continental in 2010, Southwest and AirTran in 2011, American and US Airways in 2013, and Alaska and Virgin America in 2016. After the United-Continental merger, the combined seats of the two airlines at the Airport decreased beginning FY2011, and the decreases persisted through FY2015. Following the American-US Airways merger, their combined seats at the Airport increased each year through FY2016, except in FY2015. The decreases in Southwest's seats at the Airport following Southwest's acquisition of AirTran could not be clearly attributed to the merger, because of other developments affecting Southwest's network decisions at the time. The effects of the Alaska-Virgin America merger have yet to be seen. So far the combined seats of the two airlines at the Airport have increased—by 9 percent in FY2016 and 13 percent in FY2017.

3.4.6 Aviation Security, Health and Safety Concerns

Concerns about security, health, and safety influence consumer travel behavior. Even with tightened security measures implemented by the Department of Homeland Security, terrorism remains a serious threat to the aviation industry. Additionally, the stringent screening process and long waits at security screening lines discourage air travel particularly to destinations that can be reached by ground transportation within a reasonable amount of time. Health and safety concerns can also cause temporary dips in traffic in affected routes.

3.4.7 Structural Changes in Travel Demand

Consumers alter their travel patterns in response to changes at airports, changes in airline business practices, and changes in technology. For example, the stringent airport security screening and long wait times at the airports after the 2001 terrorist attacks decreased the demand for air travel for

[37] Based on OAG airline schedules data.

short-haul trips. Intense fare competition and the ease of comparison shopping allowed by the internet have made consumers more price-sensitive. Moreover, the widespread use of tele- and videoconferencing has decreased the need for business travel.

3.4.8 Competition from Other Nearby Airports

Section 2 identified the commercial service airports within 150 road miles of SAN, and discussed the extent by which each airport could compete with SAN for passenger traffic. With the exception of LAX (125 miles north of SAN), none of the other Southern California airports pose significant competition to SAN for passenger traffic. Across the border in Mexico, just 24 miles south of SAN, is the Tijuana Rodriguez International Airport (TIJ) serving mostly destinations in Mexico.

3.4.9 Airfield and Curfew Constraints

The Airport has a single runway, which will eventually cause congestion and limit traffic growth. Runway additions will be difficult because of the following obstacles: 1) significant geographic obstructions (including high terrain to the northeast and southwest of the Airport); 2) manmade obstructions, such as office buildings, to the northeast, east, and southeast of the Airport; 3) major land acquisition requirements; 4) extensive infrastructure impacts; 5) local resident opposition; and 6) increased noise impacts. According to the SAN Master Plan, runway congestion is anticipated to occur when annual aircraft operations reach between 260,000 and 300,000. Annual aircraft operations are not projected to reach this range during the forecast period.

Beyond the forecast period, the Next Generation Air Transportation System (NextGen) offers significant improvements to the air traffic control system that could increase SAN air traffic capacity, regardless of the constraint to airfield expansion. NextGen refers to the ongoing, wide-ranging transformation of the National Airspace System (NAS) including the change from a ground-based air traffic control system to a satellite-based management system.

In addition to airfield capacity restrictions, the Airport operations are subject to restrictions relating to noise abatement. Section 9.40 of the San Diego County Regional Airport Authority Code, which sets forth the regulations of the Authority that restrict and regulate certain operations at the Airport, prohibits aircraft departures between 11:30 p.m. and 6:30 a.m. Commercial passenger aircraft departures at SAN are scheduled outside of the restricted hours.

3.5 Summary

Passenger enplanements at SAN have been driven by growth in the region’s population and economy. Enplanements trends have also tracked closely with the national business cycle, growing during economic expansions and declining during recessions. During the longest U.S. economic expansion of the 1990s, the SAN’s enplanements grew steadily and reached 8 million in 2001. The Airport’s passenger traffic then suffered a brief but significant decline in 2001, as a result of the September 11, 2001 terrorist attacks and a recession which ended the 10-year U.S. economic expansion.

The Airport enjoyed six consecutive years of growth after FY 2002, setting another record of 9.4 million enplanements in 2008. Demand weakened and airlines reduced capacity during the Great Recession and the early years of recovery, causing SAN's enplanements to decrease to 8.4 million in FY 2011. Enplanements at the Airport recovered after 2011, as the U.S. and the regional economies continued to grow, and as airlines added more capacity. SAN's passenger traffic surpassed the FY 2008 peak levels with a 7 percent year-over-year growth in FY 2015, and grew another 5 percent in FY 2016 to reach 10.2 million passengers.

To develop forecasts of commercial aviation activity, a hybrid modeling approach was taken. This approach provides a systematic framework for incorporating both scheduled air service supply and market demand drivers. The near-term forecast is capacity-driven, as it uses published airline schedules to project airport activity. The long-term forecast is demand-driven, where a multivariate time series regression model is developed to quantify the relationship between enplanement trends and market demand drivers: regional and national economic growth trends, changes in the price of air travel, and structural changes in the industry following September 11, 2001. Recognizing uncertainty in the key drivers of the enplanement regression model, risk analysis is performed using a sampling method known as Monte Carlo simulation.

A base forecast scenario and a low forecast scenario are provided, where the base forecast enplanements result from the regression model specification and assumptions. The low forecast scenario is based on 15-percentile results of the Monte Carlo simulation. In the base forecast scenario, enplanements at SAN are forecast to grow from 10.2 million in FY 2016 to 11.8 million in FY 2023. Based on assumptions regarding trends in boarding load factors, aircraft landings are expected increase 1.4 percent from 91,000 in FY 2016 to 95,100 in FY 2023, while landed weight is projected to increase from 12.7 billion pounds to 13.6 billion pounds over the same period. The low forecast scenario projects lower boarding load factors and decreases in the number of aircraft departures. In this scenario, enplanements are forecast to reach 11.1 million in FY 2023, while aircraft landings remain lower than current levels (91,000).

Section 4 Financial Analysis

This section reviews the framework for the financial operation of the Authority, including key provisions of bond indentures that govern the Authority's senior revenue bonds ("Senior Bonds") and subordinate revenue obligations ("Subordinate Obligations"). This section also (i) reviews the recent historical financial performance of the Authority, and examines the ability of the Authority to generate sufficient Net Revenues and Subordinate Net Revenues (as defined in the bond indentures and explained later in this Section)[38] in each Fiscal Year of the forecast period to meet the obligations of the bond indentures, and (ii) discusses the information and assumptions underlying the financial forecasts, which include Revenues, Operation and Maintenance Expenses ("O&M Expenses"), debt service requirements, and debt service coverage. The financial analysis presented in this section reflects the base case air traffic forecast scenario presented in Section 3.

4.1 Financial Framework

The Series 2017 Bonds are being issued as Subordinate Obligations under and subject to the terms of the Master Subordinate Trust Indenture, dated as of September 1, 2007 (the "Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association (the "Subordinate Trustee"), and a Fifth Supplemental Subordinate Trust Indenture, dated as of _____ 1, 2017 (the "Fifth Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee. The Series 2017 Bonds are special obligations of the Authority, secured by and payable from the Authority's Subordinate Net Revenues and certain funds and accounts held by the Subordinate Trustee. Except as noted otherwise, all capitalized terms in this section have the meanings set forth in the Master Subordinate Indenture.

Prior to the issuance of the Series 2017 Bonds, the Authority has outstanding the following other long-term obligations that are secured by a pledge of Net Revenues or Subordinate Net Revenues of the Authority:[39]

- On January 30, 2013, the Authority issued $379.6 million of Senior Airport Revenue Bonds Series 2013A and Series 2013B ("Series 2013 Bonds"). The Series 2013 Bonds were issued as Senior Bonds pursuant to the Master Trust Indenture. The Series 2013 Bonds are special obligations of the Authority, secured by a pledge of and first lien on Net Revenues and certain funds and accounts held by the Senior Trustee.
- On October 5, 2010, the Authority issued $572.6 million of the Subordinate Series 2010, Series 2010B, and Series 2010C Bonds (the "Series 2010 Bonds"). The Subordinate Series 2010 Bonds were issued pursuant to the Master Subordinate Indenture and a Second Supplemental Subordinate Trust Indenture, dated as of October 1, 2010 (the "Second

[38] Capitalized terms not otherwise defined are used in this section as they are defined in the bond indentures.
[39] On February 1, 2014, the Authority issued $305.3 million of Senior Special Facilities Revenue Bonds (the "Series 2014 Bonds"), which are special limited obligations of the Authority, payable from and secured by a pledge of CFCs. The Series 2014 Bonds are not secured by a pledge of the Net Revenues or Subordinate Net Revenues of the Authority.

Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee. The Series 2010 Bonds are special obligations of the Authority, secured by a pledge of Subordinate Net Revenues (as defined in the Master Subordinate Indenture), and certain funds and accounts held by the Subordinate Trustee.

The Authority also has short-term debt obligations. On March 27, 2017, the Board authorized the issuance of up to $125.0 million of Subordinate Airport Revenue revolving obligations with U.S. Bank National Association and up to $100.0 million of flexible drawdown bonds with RBC Municipal Products, LLC. These obligations are payable solely from and secured by a pledge of Subordinate Net Revenues, pursuant to the Master Subordinate Indenture.

Under the Master Senior Indenture, the Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues at least equal to the following amounts: (a) the aggregate annual debt service on any outstanding Senior Bonds; (b) the required deposits to any Senior Debt Service Reserve Fund; (c) the reimbursement owed to any credit provider or liquidity provider as required by a Supplemental Senior Indenture; (d) the interest on and principal of any indebtedness other than Outstanding Senior Bonds, including Subordinate Obligations; and (e) payments of any reserve requirement for debt service for any indebtedness other than Outstanding Senior Bonds, including Subordinate Obligations.

The Authority has also covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues at least equal to 125 percent of aggregate annual debt service on the Outstanding Senior Bonds. This provision is known as the "Senior Rate Covenant."

Under the Master Subordinate Indenture, the Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues at least equal to the following amounts: (a) the Aggregate Annual Debt Service required to be funded in each Fiscal Year on any Outstanding Subordinate Obligations; (b) the required deposits to any Subordinate Debt Service Reserve Fund; (c) the reimbursement owed to any credit provider or liquidity provider; (d) the interest on and principal of any indebtedness other than Special Facility Obligations, senior lien revenue bonds and Outstanding Subordinate Obligations, including obligations issued with alien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations; (e) payments of any reserve requirement for debt service for any indebtedness other than senior bonds and Outstanding Subordinate Obligations, including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations.

The Authority has also covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues at least 110 percent of Aggregate Annual Debt Service on the Outstanding Subordinate Obligations. This provision is known as the "Subordinate Rate Covenant."

The Master Subordinate Indenture requires, as a condition to the issuance of new subordinate bonds, that the Authority demonstrate that it meets the requirements of the provision known as the "Additional Bonds Test (ABT)." The ABT requires that a certificate be prepared by a consultant between the date of pricing and the date of delivery of the subordinate bonds showing that:

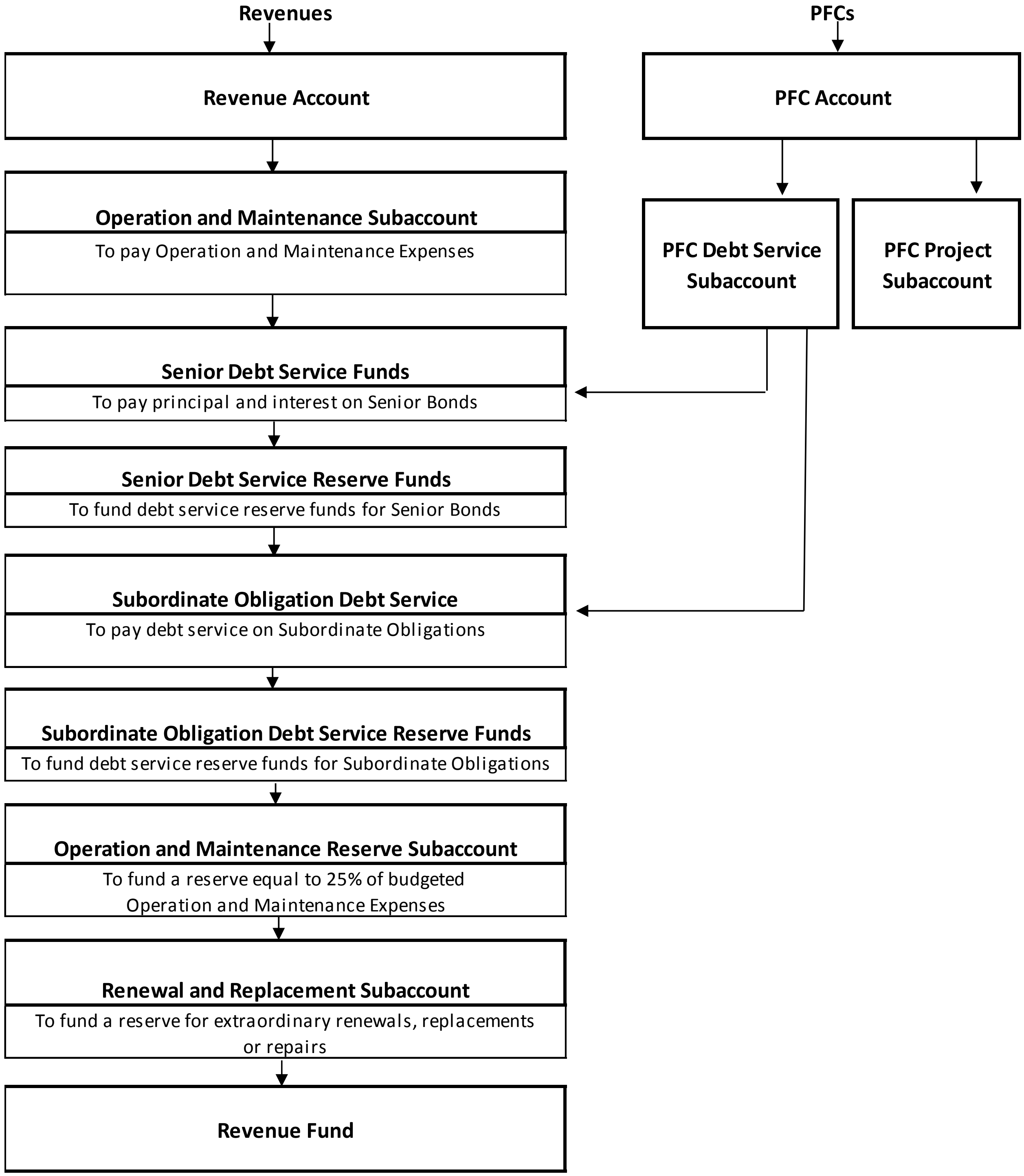
(i) the Subordinate Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed subordinate bonds were at least equal to 110% of the sum of Subordinate Aggregate Annual Debt Service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

(ii) for the period from and including the first full Fiscal Year following the issuance of the proposed new subordinate bonds through and including the last Fiscal Year during any part of which interest on the proposed new subordinate bonds is expected to be paid from the bond proceeds, the consultant estimates that the Authority will be in compliance with the rate covenant under the Master Subordinate Indenture; and

(iii) for the period from and including the first full Fiscal Year following the issuance of the proposed new subordinate bonds during which no interest on the proposed new subordinate bonds is expected to be paid from the bond proceeds through and including the later of: (A) the fifth full Fiscal Year following the issuance of the bonds, or (B) the third full Fiscal Year during which no interest on the bonds is expected to be paid from the proceeds of the bonds. the estimated Subordinate Net Revenues for each such Fiscal Year, will be at least equal to 110% of the Subordinate Aggregate Annual Debt Service for each such Fiscal Year with respect to all outstanding Subordinate Obligations, Unissued Subordinate Program Obligations and calculated as if the proposed series of Subordinate Obligations and the full Authorized Amount of such proposed Subordinate Program Obligations were then outstanding.

Figure 4-1 illustrates the application and priority in the uses of Revenues and PFCs, as specified in the Master Senior Indenture, the Master Subordinate Indenture, and the PFC Resolution.

Figure 4-1: Flow of Funds



Note: During a Fiscal Year, all PFCs in the PFC Account will be first deposited into the PFC Debt Service Subaccount until an amount equal to the PFCs irrevocably committed by the Authority to the payment of debt service on the Senior Bonds and/or the Subordinate Obligations for such Fiscal Year has been deposited to the PFC Debt Service Subaccount. No PFCs will be deposited to the PFC Project Subaccount during a Fiscal Year until the PFC Debt Service Subaccount has been fully funded.

4.1.1 The Airport System Accounting and Financial Reporting

The basic financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Independent Auditor's Report for the years ended June 30, 2016 and 2015 states that, in the opinion of the independent auditors, the Authority's financial statements for those years were presented in conformity with accounting principles generally accepted in the United States of America. Financial information is presented based on the Authority's fiscal year beginning July 1 of each calendar year and ending on June 30 of the succeeding calendar year. The Authority's FY 2016 financial statements show that as of June 30, 2016, the Authority had total assets of approximately $2,217.4 million, total liabilities of $1,439.8 million, and total net assets of approximately $777.6 million.

Table 4-1 summarizes the Authority's operating results for FY 2012 through FY 2016 presented in the financial statements, the Net Revenues presented in this Report, and a reconciliation between the two presentations. The Net Revenues presented in this Report are calculated pursuant to the definitions of Revenues, Operation and Maintenance Expenses ("O&M Expenses"), and Net Revenues included in the Master Senior Indenture – with the exception of grant reimbursements. Grant reimbursements are included in the definition of Revenues in the Master Senior Indenture, but are excluded from the projections of Revenues in this Report, in order to reflect only the ongoing operations of the Authority. The reconciling items between the annual Operating Profit or Loss reported in the financial statements and the Net Revenues presented in this Report consist of depreciation and amortization expense[40], interest income (excluding interest earned on unspent PFCs and CFCs)[41], RCC busing expenses paid with CFCs[42], actuarial liability adjustments[43], and the Joint Studies Program expenses[44].

[40] Depreciation and amortization expense is included in Operating Expenses in the audited financial statements, but is excluded from the definition of O&M Expenses in the Master Senior Indenture.
[41] Interest Income, excluding interest earned on unspent PFCs and CFCs, is included in the definition of Revenues in the Master Senior Indenture, but is not included in the calculation of Operating Profit or Loss on the audited financial statements because it is classified as Non-Operating Revenue.
[42] The definition of O&M Expenses in the Master Senior Indenture excludes expenses paid with CFCs (the definition of Revenues excludes CFC revenue).
[43] Actuarial liability adjustments are non-cash accounting entries made by the Authority to comply with reporting requirements for the audited financial statements.
[44] Joint Studies Program expenses are included in the definition of O&M Expenses in the Master Senior Indenture, but are not part of the calculation of Operating Profit or Loss on the financial statements because they are included in Non-Operating Expenses.

Table 4-1: Historical Financial Results

Category	Fiscal Years Ended June 30				
	2012	2013	2014	2015	2016
Audited Statement of Revenues and Expenses					
Operating Revenues	$153,549,960	$177,497,814	$195,736,837	$210,505,247	$233,994,051
Less: Operating Expenses	(163,701,280)	(168,420,028)	(214,025,911)	(217,808,842)	(237,228,768)
Operating Gain (Loss)	**($10,151,320)**	**$9,077,786**	**($18,289,074)**	**($7,303,595)**	**($3,234,717)**
Net Revenues per Master Senior Indenture					
Revenues	$158,311,784	$181,051,930	$199,834,430	$214,770,544	$238,640,326
Less: O&M Expenses	(118,941,148)	(126,662,546)	(136,604,105)	(142,781,639)	(151,327,220)
Net Revenue per Master Senior Indenture	**$39,370,636**	**$54,389,383**	**$63,230,325**	**$71,988,905**	**$87,313,106**
Reconciliation					
Operating Gain (Loss) per Financial Statements	($10,151,320)	$9,077,786	($18,289,074)	($7,303,595)	($3,234,717)
Add: Depreciation and Amortization Expense	44,532,069	41,623,629	77,205,256	77,558,961	83,577,615
Add: Interest excluding interest on PFCs and CFCs	5,062,722	3,743,222	4,465,998	4,557,393	4,930,292
Add: RCC Expenses	0	0	0	28,000	3,655,876
Deduct: Adjustment for Actuarial Liability	0	0	0	(2,711,376)	(1,514,601)
Deduct: Joint Studies Program	(72,835)	(55,254)	(151,855)	(140,478)	(101,359)
Net Revenue per Master Senior Indenture	**$39,370,636**	**$54,389,383**	**$63,230,325**	**$71,988,905**	**$87,313,106**

Please see discussion, including footnotes, on page 4-3 for explanation of the reconciling items.

4.1.2 Airline Rates and Charges

The Authority collects landing fees, terminal rentals, aircraft parking fees, security surcharges, FIS facilities charges, and other fees from the airlines operating at the Airport to support the operation and maintenance of the facilities used by the airlines. The Authority has entered into separate, but substantially similar, Airline Operating and Lease Agreements (the "Airline Agreements") with the air carriers operating at SAN (the "Signatory Airlines"). The Airline Agreements cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SAN. The Airline Agreements have a term commencing on July 1, 2013 and terminating on June 30, 2018, unless terminated earlier pursuant to their terms. The Signatory Airlines and the Authority have begun negotiating a new airline operating and lease agreement, which the Authority expects to be effective by July 1, 2018. Since the negotiations with the Signatory Airlines are in their preliminary stages, the Authority cannot predict if certain terms of the new agreements will be materially different from the existing agreements. If a new agreement is not entered into by July 1, 2018, the Signatory Airlines will continue to operate at SAN under the terms of the current Airline Agreements on a month-to-month basis. The financial analyses and projections in this section assume that the new airline operating and lease agreement will have substantially the same rate making provisions as included in the current Airline Agreements.

The calculation methodologies for the airline rates and charges, as specified in the current Airline Agreements, include a cost center residual methodology for the landing fee and a cost center compensatory methodology for the terminal rental rate. The calculations for the projected landing fee and the terminal rental rate during the forecast period are presented later in this section. The airline revenue projections presented in this section reflect the current airline rate methodology.

4.2 Operation and Maintenance Expenses

The Master Senior Indenture defines "Operation and Maintenance Expenses," or "O&M Expenses," as the total operation and maintenance expenses of the Airport as determined in accordance with generally accepted accounting principles, excluding depreciation expense and any operation and maintenance expenses payable from moneys other than Revenues, such as PFCs, and CFCs. Table 4-2 presents historical O&M Expenses for the period FY 2012 through FY 2016. Total O&M expenses increased from approximately $118.8 million in FY 2012 to approximately $151.3 million in FY 2016, representing an average annual increase of 6.2 percent during the historical period, in part due to the additional obligations resulting from the new facilities that opened in the last few years, including the Terminal 2 expansion and other components of the Authority's prior capital program ("The Green Build"), and the RCC, which opened in FY 2016. The historical changes in the various categories of O&M Expenses are discussed in the subsections below.

During the forecast period, total O&M Expenses are projected to increase to approximately $195.0 million in FY 2023, as shown on Table 4-3. The projections of O&M Expenses reflect the Authority's FY 2017 and FY 2018 budgets; anticipated future expense trends, including an inflation factor; and the projected operating expense impacts of the capital projects, including projects in the Capital Program. The projected changes in the various elements of projected O&M Expenses are explained in the sub-sections below. FY 2017 O&M Expenses are estimated to total approximately $155.7 million, an increase of 2.9 percent over FY 2016. In FY 2018, O&M Expenses are budgeted to increase 6.7 percent, to $166.1 million. The Authority anticipates that the annual growth in total O&M Expenses will slow after FY 2018 through the remainder of the forecast period, due to the Authority's ongoing commitment to limit increases in expenses. Authority management has outlined a number of cost saving initiatives that could be implemented if needed, to meet that commitment. Therefore, the projections of O&M Expenses in this Section are based on management's commitment and plan.

Table 4-2: Historical O&M Expenses

	Fiscal Years Ended June 30				
O&M Expense Categories	**2012**	**2013**	**2014**	**2015**	**2016**
Personnel	$37,236,512	$38,092,408	$39,135,284	$41,922,736	$43,581,971
Contractual Services	26,905,517	29,283,526	31,557,740	32,394,011	34,555,503
Safety and Security	22,625,169	23,994,020	24,150,563	23,464,483	28,721,250
Utilities	6,674,423	6,659,333	8,680,410	10,151,923	11,479,888
Maintenance	8,496,587	11,204,464	13,981,690	14,515,948	14,121,740
Space Rent	11,414,838	10,897,338	10,478,262	10,433,251	10,367,148
Business Development	2,093,166	2,444,367	2,661,222	2,484,624	2,391,259
Other Expenses	3,494,935	4,087,090	5,958,934	7,414,662	6,108,460
Total O&M Expenses	**$118,941,148**	**$126,662,546**	**$136,604,105**	**$142,781,639**	**$151,327,219**

Source: Authority records. This table presents O&M Expenses as defined in the Master Senior Indenture.

Table 4-3: Projected O&M Expenses

	Fiscal Years Ending June 30						
	Estimate	Projected					
O&M Expense Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Personnel	$43,652,845	$47,920,155	$51,242,527	$53,017,451	$54,857,506	$56,765,239	$58,743,304
Contractual Services	37,782,285	38,426,350	39,410,948	41,593,276	42,841,074	44,126,307	45,450,096
Safety and Security	28,754,692	31,064,556	32,964,718	33,953,659	34,972,269	36,021,437	37,102,080
Utilities	11,399,247	12,250,493	12,933,070	13,321,062	13,720,694	14,132,315	14,556,284
Maintenance	14,232,530	15,352,342	15,315,254	15,774,712	16,247,953	16,735,392	17,237,453
Space Rent	10,190,750	10,190,750	10,190,750	10,190,750	10,190,750	10,190,750	10,190,750
Business Development	2,670,902	3,744,934	3,128,614	3,222,472	3,319,147	3,418,721	3,521,283
Other Expenses	7,058,029	7,189,367	7,291,572	7,510,319	7,735,628	7,967,697	8,206,728
Total O&M Expenses	$155,741,280	$166,138,947	$172,477,452	$178,583,702	$183,885,021	$189,357,857	$195,007,978

This table presents O&M Expenses as defined in the Master Senior Indenture.

4.2.1 Personnel

Personnel is the largest category of O&M Expenses, representing approximately 28.8 percent of total O&M Expenses in FY 2016. Personnel expenses increased from approximately $37.2 million in FY 2012 to $43.6 million in FY 2016. The increases were primarily attributed to increased staffing resulting from the Terminal 2 expansion and related facilities included in The Green Build, salary increase, and higher costs for pension and medical benefits.

Personnel expenses are estimated to increase slightly in FY 2017, to approximately $43.7 million in FY 2017. Personnel expenses are budgeted to increase 9.8 percent in FY 2018, to $47.9 million, and 6.9 percent in FY 2019, to $51.2 million. These increases are due to anticipated increases in pension costs associated with updated actuarial estimates of the Authority's pension liability, salary increases, and the planned addition of new personnel positions. Personnel expenses are projected to increase 3.5 percent per year in FY 2019 and subsequent years, to reflect future salary increases and rising pension costs. Personnel expenses are projected to increase to approximately $58.7 million in FY 2023.

4.2.2 Contractual Services

The Contractual Services category represented approximately 22.8 percent of total O&M Expenses in FY 2016. It consists primarily of fees incurred for contracts for services supplied by vendors, such as janitorial services for the terminals, parking management costs, contracts with facility development consultants, legal consultants, and other consultants. Contractual Services increased from approximately $26.9 in FY 2012 to $34.6 million in FY 2016. The large increases in FY 2013 FY 2014 were mainly due to increased consulting services such as ramp control professional services and new software related to the new facilities constructed as part of The Green Build. The large increase in FY 2016 was due to increases in the parking operation expenses.

Contractual Services are estimated to increase to approximately $37.8 million in FY 2017 and $38.4 million in FY 2018, mainly due to anticipated wage increases on various contracts and increases in shuttle bus operating expenses. Contractual Services are projected to increase 3.0 percent per year in FY 2019 through FY 2023, plus an additional increase in FY 2020 (for a total increase of 5.5 percent in FY 2020). The larger increase in FY 2020 is due to the anticipated effects of the completion of a storm water treatment system, which is projected to result in additional expenses for period replacements of water filters and other materials, plus contractual services personnel to maintain the system. Contractual Services are projected to increase to approximately $45.5 million in FY 2023.

4.2.3 Safety and Security

Safety and Security expenses totaled $27.7 million in FY 2016, or 18.1 percent of total O&M Expenses. The largest component of the Safety and Security is the cost of Harbor Police services ($18.8 million, or 67.7 percent of Safety and Security expenses in FY 2016). The Act that created the Authority mandates that the Authority use the services of the Harbor Police for Airport security. Approximately $6.0 million, or 21.5 percent of Safety and Security expenses, represented the costs of the Airfield Rescue and Fire Fighting ("ARFF") services provided by the City of San Diego in FY 2016. Total Safety and Security expenses increased from $22.6 million in FY 2012 to $28.7 million in FY 2016. Most of the increases were due to increased Harbor Police expenses. In FY 2013, Harbor Police expenses increased by $1.9 million, or 12.6 percent, due to higher salary and benefit expenses associated with a new agreement negotiated with Harbor Police. In FY 2016, Harbor Police expenses increased by approximately $3.9 million, or 24.6 percent, due to increased law enforcement training and benefit costs, and the reclassification of maintenance costs for the security system from Maintenance to Safety and Security.

Safety and Security expenses are estimated to increase to approximately $28.8 million in FY 2017. The increase is mainly attributable to the reclassification of the Access Control System expenses from the Maintenance expense category. Safety and Security expenses are budgeted to increase to $31.1 million in FY 2018, due to additional anticipated cost of living and retirement cost increases for Harbor Police. This expense category is projected to increase 3.0 percent per year from FY 2019 through FY 2023, and total approximately $37.1 million in FY 2023.

4.2.4 Utilities

Utilities expenses increased from approximately $6.7 million in FY 2012 to $11.5 million in FY 2016. The largest annual increase occurred in FY 2014, when Utilities increased approximately $2.0 million or 30.3 percent, mainly due to increased rates and additional utilities usage resulting from the opening of the Terminal 2 expansion and the other components of The Green Build. Utilities expenses increased an additional $1.5 million, or 17.0 percent, in FY 2015, reflecting the effects of the first full year of the operation of the Terminal 2 expansion and the other components of The Green Build. Utilities expenses increased 13.1 percent in FY 2016, mainly as a result of higher rates and increased power usage associated with the RCC's opening in January 2016.

In FY 2017, Utilities expenses are estimated to total less than the FY 2016 total – approximately $11.4 million. Utilities expenses are budgeted to increase 7.5 percent in FY 2018, to $12.3 million and 5.6 percent in FY 2019, to $12.9 million, mainly due to rate increases and increased usage related to the Terminal 2 Parking Plaza and the Terminal 2 FIS Buildout. Utility expenses are projected to increase 3.0 percent per year in FY 2020 through FY 2023, to approximately $14.6 million in FY 2023.

4.2.5 Maintenance

Maintenance expenses increased from approximately $8.3 million in FY 2012 to $11.2 million in FY 2013 and $14.0 million in FY 2014. This expense category increased more modestly in FY 2015, to $14.5 million and decreased to $14.1 million in FY 2016. The significant increases in FY 2013 and FY 2014 were mainly due to the costs of elevator and escalator repairs, sinkhole repair, runway restriping, and other airfield repairs. The decrease in FY 2016 was due to the reclassification of maintenance costs for the security system from Maintenance to Safety and Security

Maintenance expenses are estimated to decrease to approximately $14.2 million in FY 2017. The costs of the Access Control System were reclassified and are included in Safety and Security expenses (which caused a corresponding increase in that expense category in FY 2017, as explained above). Maintenance expenses are budgeted to increase to $15.3 million in FY 2018, mainly due to anticipated increases in annual repair and service contracts. Maintenance expenses are projected to increase 3.0 per year in FY 2019 and subsequent years, to approximately $17.2 million in FY 2023.

4.2.6 Space Rent

Space rental expense consists of lease payments to the Port District for properties adjacent to the Airport, including the former General Dynamics, Teledyne Ryan, and Harbor Island parcels. Space rental payments decreased from approximately $11.4 million in FY 2012 to $10.9 million in FY 2013 and $10.5 million in FY 2014, mainly due to the cancellation of a land lease for employee parking during FY 2013 (with the full year effect in FY 2014). Space rent decreased to $10.4 million in FY 2015 and FY 2016 due to the termination of a lease with the Port District related to the FBO area.

FY 2017 Space rental expense is estimated to total approximately $10.2 million, a decrease of $0.3 million from FY 2016, due to the termination of the lease with the Port District for the Taxi Hold Lot, which was relocated to Airport property. This line item is budgeted to remain constant at $10.2 million in FY 2018 and throughout the remainder of the forecast period, reflecting the long-term nature of the Authority's remaining leases with the Port District.

4.2.7 Business Development

The business development expense category includes costs for advertising, membership and dues, postage and shipping, promotional activities and materials, and travel. Business development expenses fluctuated between $2.1 million and $2.7 million during the period of FY 2012 through FY

2016, and totaled $2.4 million in FY 2016. The fluctuations were mainly due to increased advertising expenses and expenditures for promotional materials related to the completion of The Green Build and air service development efforts.

Business Development expenses are estimated to total approximately $2.7 million in FY 2017, an increase of 11.7 percent over the FY 2016 amount. The increase was mainly due to advertising expenses related to new domestic and international air service initiatives; advertising of changes in the public parking facilities, including changes related to the construction of the Terminal 2 Parking Plaza; and the concession marketing program. Business Development expenses are budgeted to increase to $3.7 million in FY 2018 due to sponsorship expenses for the American Association of Airport Executives, promotional expenses related to the Airport's 90th anniversary, and continued expenses related to the concession marketing program. After the completion of the unusual advertising and promotional expenses in FY 2017 and FY 2018, Business Development expenses are anticipated to decrease to $3.1 million in FY 2019, and then increase 3.0 percent per year thereafter, to $3.5 million in FY 2023.

4.2.8 Other Expenses

Other expenses include employee development and support; equipment rentals and repairs; insurance; operating equipment and systems; operating supplies; and other expenses. The total amount of these expense categories increased from approximately $3.5 million in FY 2012 to $4.1 million in FY 2013, $6.0 million in FY 2014, and $7.4 million in FY 2015 before decreasing to $6.1 million in FY 2016. Much of the large increase in FY 2014 was due to increased costs associated with Common Use Systems and Flight Information Display Systems (FIDS) resulting from the completion of the Terminal 2 Expansion. The additional increase in FY 2015 was caused by purchases of additional equipment for information technology and security needs. Adding to the increases in both FY 2014 and FY 2015 was the addition to the Authority's property insurance policy of the facilities included in The Green Build (completed in FY 2014, with the first full year of operation in FY 2015). These additions caused an increase in the appraisal of the insurable values included in the Authority's property insurance policy.

The expense category aggregated as "Other Expenses" is projected to total approximately $7.1 million in FY 2017 and is budgeted to total $7.2 million in FY 2018. A main factor in these increases is an increase in insurance expense, due to increases in the insurance rates, and the addition of Pollution Liability insurance. Total Other Expenses are projected to increase 3.0 percent per year in FY 2019 and subsequent years, to approximately $8.2 million in FY 2023.

4.3 Debt Service and Amortization Charges

As discussed in Section 1, the Authority's Capital Program includes the Terminal 2 Parking Plaza and the Terminal 2 FIS Buildout, which are being funded with a portion of the proceeds of the Series 2017 Bonds. The sources and uses of the Series 2017 Bonds are presented on Table 4-4.

Table 4-4: Sources and Uses of the Series 2017 Bonds

	Series 2017A	Series 2017B	Total Series 2017
Sources			
Par Amount	$157,030,000	$156,850,000	$313,880,000
Premium	18,361,631	14,487,240	32,848,871
Total Sources	$175,391,631	$171,337,240	$346,728,871
Uses			
Project Fund	$129,477,640	$159,000,000	$288,477,640
Repayment of Short-Term Obligation	32,550,000	-	32,550,000
Debt Service Reserve Fund	10,204,250	10,164,750	20,369,000
Capitalized Interest	1,588,393	601,858	2,190,251
Underwriters Discount	628,120	627,400	1,255,520
Costs of Issuance and Rounding	943,228	943,232	1,886,460
Total Uses	$175,391,631	$171,337,240	$346,728,871

Source: Frasca & Associates, LLC, based upon market rates as of May 24, 2017 plus 50 basis points

The debt service requirements projected during the forecast period are presented on Table 4-5. In addition to the issuance of the Series 2017 Bonds, the Authority anticipates issuing bonds in 2018 (the "Series 2018 Bonds") in the second half of calendar year 2018. This financial analysis assumes that the Series 2018 Bonds will be issued as Senior Lien bonds. In addition, the Authority plans to continue utilizing its authorized line of credit during the forecast period, to provide funding needed on a short-term basis for projects in the Capital Program. The debt instruments assumed to remain outstanding during the forecast period are the following:

- Senior Lien debt
  - Series 2013A and Series 2013B Bonds
  - Series 2018 Bonds (assumed to fund future projects in the Capital Program)
- Subordinate Lien debt
  - Series 2010A, Series 2010B, and Series 2010C Bonds
  - Series 2017A and Series 2017B Bonds
  - Short-term obligations

Annual debt service for the Series 2017 Bonds is projected to equal approximately $17.8 million in FY 2018, $19.8 million in FY 2019, and $20.4 million in FY 2020 through FY 2023. The annual debt service requirements, as estimated by Frasca & Associates, LLC, are based on an assumed annual interest rate of approximately 4.2 percent and are net of estimated capitalized interest.

Annual debt service requirements on the Series 2018 Bonds, as estimated by Frasca & Associates, LLC, are based on an annual interest rate of approximately 4.9 percent. Annual debt service for the Series 2018 Bonds is projected to begin in FY 2019 (partial year) at approximately $0.5 million and increase to $25.0 million in FY 2020 and subsequent years.

Projected annual debt service includes projected annual payments, which are assumed to include both principal and interest payments, related to the Authority's short-term obligations, with an assumed annual interest rate of approximately 1.9 percent (and final maturity assumed to occur in FY 2030).

Total annual debt service is projected to increase from $85.8 million in FY 2018 to $87.8 million in FY 2019, mainly due to the scheduled increase in debt service on the Series 2017 Bonds and the first year (partial) of debt service on the Series 2018 Bonds, partially offset by a decrease in the projected line of credit payments. Total annual debt service is projected to increase to $117.3million in FY 2020, and throughout the remainder of the forecast period, due to the scheduled increase in the annual debt service for the Series 2017A Bonds and the first full year of debt service for the Series 2018 Bonds.

Table 4-5: Projected Debt Service

	Fiscal Years Ending June 30						
Bond Series	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Senior Lien Bonds:							
Series 2013 A	$6,710,400	$6,712,400	$6,716,200	$6,716,600	$6,711,600	$6,711,350	$6,710,350
Series 2013 B	13,794,550	13,791,350	13,777,950	19,289,750	19,288,500	19,283,000	19,292,750
Total Series 2013	$20,504,950	$20,503,750	$20,494,150	$26,006,350	$26,000,100	$25,994,350	$26,003,100
Series 2018	-	-	492,448	25,011,100	25,014,000	25,011,350	25,013,750
Total Senior Lien	$20,504,950	$20,503,750	$20,986,598	$51,017,450	$51,014,100	$51,005,700	$51,016,850
Subordinate Obligations:							
Series 2010 A	22,608,750	22,612,250	22,610,750	22,608,500	22,609,500	22,612,500	22,606,250
Series 2010 B	3,263,438	3,263,438	3,261,038	3,261,238	3,266,988	3,264,863	3,263,800
Series 2010 C	14,274,061	14,274,061	14,274,061	14,274,061	14,274,061	14,274,061	14,274,061
Total Series 2010	$40,146,248	$40,149,748	$40,145,848	$40,143,798	$40,150,548	$40,151,423	$40,144,111
Series 2017 A	-	8,303,057	9,814,646	10,199,250	10,199,250	10,202,750	10,204,250
Series 2017 B	-	9,516,028	9,949,622	10,160,100	10,160,500	10,164,500	10,161,500
Total Series 2017	$0	$17,819,085	$19,764,268	$20,359,350	$20,359,750	$20,367,250	$20,365,750
Short Term Subordinate	7,141,241	7,291,534	6,935,379	5,762,131	5,765,186	5,772,743	5,779,700
Total Subordinate	$47,287,489	$65,260,368	$66,845,495	$66,265,280	$66,275,485	$66,291,416	$66,289,561
Total Debt Service	$67,792,439	$85,764,118	$87,832,093	$117,282,730	$117,289,585	$117,297,116	$117,306,411

Source: Authority records and Frasca & Associates, LLC.

The Airline Agreements allow the Authority to include amortization charges in the airline rates and charges to reimburse the Authority for capital project costs paid from Authority funds. The Authority may include in airline rates and charges the amount of principal and interest in equal annual amounts for the term of the asset's useful life, with the interest calculated at a rate equal to the 30-year revenue bond index at the time the asset is placed in service. The financial analysis assumes that such amortization charges will be included in the calculation of airline rates and charges during the forecast period. Amortization charges for the Airfield and Terminal cost centers are shown on the tables that present the landing fee and terminal rental rate calculations (Tables 4-8 and 4-9).

4.4 Revenues

The Master Senior Indenture defines "Revenues" as all income, receipts, earnings and revenues received by the Authority from the operation and ownership of the Airport. Excluded from the definition of Revenues are PFCs, CFCs, interest income on unspent PFCs and CFCs, and certain other items.[45] The Authority has covenanted that all Revenues will be deposited into the Revenue Account within the Revenue Fund to be pledged as security for the Senior Lien Bonds (the currently outstanding Series 2013 Bonds), the Subordinate Obligations (the currently outstanding Series 2010 Bonds), and any additional bonds issued pursuant to the Master Senior Indenture and the Master Subordinate Indenture. As discussed earlier in this section, the Series 2017 Bonds are being issued as Subordinate Obligations.

Historical and projected Revenues are presented on Table 4-6 and Table 4-7, respectively. Revenues increased from approximately $158.6 million in FY 2012 to $238.6 million in FY 2016, due to the factors described in the sub-sections below. Revenues are estimated to total approximately $250.5 million in FY 2017, are budgeted to increase to $262.4 million in FY 2018, and are projected to increase to $351.8 million in FY 2023. The projections of the various categories of Revenues are explained in the sub-sections below.

4.4.1 Airline Revenues

Airline revenues consist of landing fees, aircraft parking fees, terminal rentals, security surcharges, and other revenue, in accordance with the provisions of the Airline Agreement. Total airline revenues increased from approximately $72.4 million in FY 2012 to $112.2 million in FY 2016. During this historical period, the Authority implemented a progressive cost recovery system with graduated rate increases. In addition, O&M Expenses allocated to the airline cost centers increased due to the expansion of Terminal 2 and increases in airfield costs. Debt service allocated to the terminal cost center increased due to the Series 2013 Bonds that funded a portion of the Terminal 2 expansion. Total airline revenues are projected to increase to approximately $175.7 million in FY 2023, mainly due to projected increases in O&M Expenses, increases in amortization charges related to planned Authority-funded capital expenditures, and increases in debt service costs for the Series 2017 Bonds and the anticipated Series 2018 Bonds, as discussed in the sub-sections below. The components of airline revenue are discussed below.

[45] Although FAA grant receipts, which are reimbursements of capital expenditures, are included in the definition of Revenues contained in the Master Senior Indenture, they are excluded from the projections of Revenues in this section, in order to reflect only the ongoing operations of the Authority.

Table 4-6: Historical Revenues

	Fiscal Years Ended June 30				
Revenue Categories	**2012**	**2013**	**2014**	**2015**	**2016**
Airline Revenue					
Landing Fees	$18,419,244	$19,658,173	$19,107,258	$21,390,056	$23,984,793
Aircraft Parking Fees	3,134,539	3,190,928	2,503,181	2,715,854	2,701,219
Terminal Rentals [1]	30,632,762	41,839,619	48,895,351	51,460,911	54,688,738
Security Surcharge	18,649,147	23,359,938	25,776,517	25,179,679	29,223,097
Other Aviation Revenue	1,594,529	1,591,266	1,593,918	1,584,599	1,607,391
Total Airline Revenue	$72,430,221	$89,639,923	$97,876,224	$102,331,098	$112,205,238
Non-Airline Revenue					
Building and Other Rents	907,264	971,790	1,157,565	1,506,604	1,031,891
Concessions					
Rental Cars	23,943,041	24,401,371	24,900,830	26,209,701	27,815,816
Food and Beverage	6,403,844	6,574,875	7,630,853	8,920,781	10,405,272
Gifts and News	4,041,936	3,257,773	5,052,162	5,888,989	6,368,546
License Fees	3,178,544	3,488,472	4,070,505	4,325,175	4,440,557
Other Terminal Concessions	2,859,943	2,879,212	2,850,931	3,240,270	3,303,256
Cost Recovery	0	1,439,038	3,264,587	3,911,478	3,940,894
Total Concessions	$40,427,308	$42,040,741	$47,769,867	$52,496,393	$56,274,343
Parking and Ground Transportation	31,469,960	35,750,484	38,959,022	41,632,530	48,105,643
Ground rentals	7,136,299	8,189,723	8,445,275	11,567,849	15,193,757
Other Operating Revenue	878,051	715,970	1,160,501	678,870	890,456
Interest Income	5,062,681	3,743,298	4,465,998	4,557,200	4,938,999
Total Non-Airline Revenue	$85,881,564	$91,412,006	$101,958,229	$112,439,445	$126,435,088
Total Revenues	$158,311,784	$181,051,930	$199,834,453	$214,770,544	$238,640,326

Source: Authority records. This table presents Revenues as defined in the Master Senior Indenture.

[1] This category includes Common Use and FIS Use charges.

Table 4-7: Projected Revenues

	Fiscal Years Ending June 30						
	Estimate	Projected					
Airport Revenues	2017	2018	2019	2020	2021	2022	2023
Airline Revenue							
Landing Fees [1]	$24,867,343	$27,712,653	$29,752,280	$38,827,549	$40,669,266	$44,943,743	$45,715,416
Aircraft Parking Fees	2,865,482	3,019,412	3,233,943	4,220,386	4,420,572	4,885,189	4,969,067
Terminal Rentals [2]	56,249,762	60,409,398	65,094,513	79,088,012	81,977,466	82,678,217	84,153,006
Security Surcharge	30,039,093	32,915,963	34,754,291	37,510,187	38,686,249	39,606,866	40,626,684
Other Aviation Revenue	1,622,714	195,498	199,408	203,396	207,464	211,613	215,846
Total Airline Revenue	$115,644,394	$124,252,924	$133,034,436	$159,849,530	$165,961,017	$172,325,629	$175,680,018
Non-Airline Revenues							
Building and Other Rents	1,547,359	1,584,928	1,604,432	1,609,035	1,613,683	1,618,378	1,623,120
Concessions:							
Rental Cars	29,277,201	30,081,562	30,333,348	30,637,564	31,033,469	31,630,952	32,698,836
Food and Beverage	10,604,683	10,975,345	11,190,507	11,551,688	11,968,330	12,476,036	13,208,504
Gifts and News	6,806,544	6,965,892	7,241,769	7,475,502	7,745,126	8,073,680	8,547,686
License Fees	4,743,903	4,785,748	4,867,009	4,940,311	5,004,227	5,069,484	5,135,188
Other Terminal Concessions	3,296,788	3,036,333	3,110,685	3,184,999	3,273,612	3,385,999	3,558,039
Cost Recovery	4,160,239	4,724,648	4,860,842	4,989,048	5,120,923	5,256,577	5,396,120
Total Concessions	58,889,358	60,569,529	61,604,160	62,779,112	64,145,688	65,892,727	68,544,374
Parking & Ground Transportation	48,096,749	47,977,417	57,639,539	58,158,917	59,051,086	61,101,291	62,873,112
Ground rentals	18,462,946	19,805,203	19,711,964	26,382,941	26,725,015	27,066,021	27,412,642
FIS Use Charge	-	-	4,559,000	4,593,000	4,646,000	4,728,000	4,888,000
Other Operating Revenue	1,523,659	773,469	773,469	773,469	773,469	773,469	773,469
Interest Income	6,329,275	7,459,238	8,901,252	8,681,672	8,800,381	9,402,134	9,967,722
Total Non-Airline Revenues	$134,849,345	$138,169,783	$154,793,816	$162,978,146	$165,755,322	$170,582,021	$176,082,439
Total Revenues	$250,493,739	$262,422,707	$287,828,252	$322,827,676	$331,716,339	$342,907,650	$351,762,458

This table presents Revenues as defined in the Master Senior Indenture.[1] This category Includes Common Use and FIS Use Charges in FY 2017 and FY 2018. Beginning in FY 2019, the FIS Use Charge revenue is shown in a separate line item.

4.4.1.1 Landing Fees

Landing fees increased from approximately $18.4 million in FY 2012 to $24.0 million in FY 2016. The increases were mainly due to higher airfield costs, which rose throughout the historical period. Landing fees are estimated to increase from approximately $24.9 million in FY 2017 to $45.7 million in FY 2023. The projected increases are primarily due to projected increases in annual debt service costs and amortization charges associated with planned future airfield capital projects, as well as projected increases in O&M Expenses allocated to the airfield. The calculations of the projected landing fee revenue and landing fee rate, based on the methodology stipulated in the Airline Agreement, are shown on Table 4-8. The landing fee rate is projected to increase from $1.96 in FY 2017 to $3.31 in FY 2022, and then decrease to $3.26 in FY 2023. The largest increase is projected to occur in FY 2020 (it is projected to increase from $2.26 in FY 2019 to $2.94 in FY 2020), primarily due to the projected debt service on the anticipated Series 2018 Bonds and amortization charges associated with planned airfield projects.

Table 4-8: Projected Landing Fee Rate

	Fiscal Years Ending June 30						
	Estimate	Projected					
Calculation Elements	2017	2018	2019	2020	2021	2022	2023
Airfield Costs							
Operating Expenses	$30,407,836	$44,892,207	$45,047,519	$46,277,275	$47,293,721	$48,054,599	$49,140,224
Debt Service	1,224,207	1,225,013	3,293,174	9,855,247	9,856,449	9,856,284	9,857,009
Amortization Charges	1,894,400	2,797,300	2,949,000	5,279,700	6,353,400	10,382,000	10,201,400
Other Requirements	883,200	677,800	566,900	575,300	586,800	598,800	611,300
Total Airfield Requirement	$34,409,643	$49,592,320	$51,856,593	$61,987,522	$64,090,370	$68,891,683	$69,809,933
Credits:							
Fuel Flowage	(195,302)	(195,498)	(199,408)	(203,396)	(207,464)	(211,613)	(215,846)
Quieter Home Grant Receipts	(2,324,000)	(14,340,000)	(14,340,000)	(14,340,000)	(14,340,000)	(14,340,000)	(14,340,000)
Operating Grant Revenue	-	-	-	-	-	-	-
Ground Handling Concession Revenue	($3,029,768)	($3,028,759)	($3,080,187)	($3,126,578)	($3,167,028)	($3,208,327)	($3,249,909)
Other Credits	(1,199,894)	(1,229,892)	(1,250,775)	(1,269,613)	(1,286,039)	(1,302,810)	(1,319,695)
Total Credits	($6,748,965)	($18,794,150)	($18,870,370)	($18,939,587)	($19,000,532)	($19,062,750)	($19,125,450)
Airfield Net Requirement	**$27,660,678**	**$30,798,170**	**$32,986,223**	**$43,047,935**	**$45,089,838**	**$49,828,932**	**$50,684,483**
Airline Adjacent Parking Fee	(2,370,140)	(2,596,708)	(2,781,191)	(3,629,532)	(3,801,692)	(4,201,263)	(4,273,398)
Remote Overnight Parking Fee	(462,096)	(422,720)	(452,752)	(590,854)	(618,880)	(683,927)	(695,669)
Aircraft Parking Position Credit	($2,832,236)	($3,019,428)	($3,233,943)	($4,220,386)	($4,420,572)	($4,885,189)	($4,969,067)
Adjusted Net Requirement	**$24,828,442**	**$27,778,741**	**$29,752,280**	**$38,827,549**	**$40,669,266**	**$44,943,743**	**$45,715,416**
Total Landed Weight (1,000 lb. units)	12,668,840	12,951,218	13,138,249	13,228,780	13,369,411	13,593,067	14,028,931
Landing Fee Rate	$1.96	$2.14	$2.26	$2.94	$3.04	$3.31	$3.26

4.4.1.2 Aircraft Parking Fees

Aircraft parking fees are assessed based on the number of aircraft parking positions assigned to each airline at the terminal gates and in remote parking positions. Aircraft parking fees decreased from $3.1 million in FY 2012 to $2.7 million in FY 2016, due to a decrease in aircraft parking positions used by the air carriers. Aircraft parking fees are projected to increase from $2.9 million in FY 2017 to $5.0 million in FY 2023. The basis for the calculation of the per-parking position fee is an amount equal to 10 percent of the net costs allocated to the airfield (this amount is deducted from the airfield requirement in the calculation of the landing fee rate). Therefore, as airfield costs are projected to increase during the forecast period (discussed above), the amount used in the calculation of the aircraft parking fee is projected to increase, and the aircraft parking fees are projected to increase accordingly.

4.4.1.3 Terminal Rentals

Terminal rentals increased from approximately $30.6 million in FY 2012 to $54.7 million in FY 2016. The increases were mainly due to the implementation of the graduated rate increases to enable the Authority to recover more costs allocated to the Terminal cost center, and the increases in O&M Expenses and debt service costs associated with the expansion of Terminal 2. Terminal rents are estimated to total approximately $56.3 million in FY 2017. This revenue category is budgeted to increase to $60.4 million in FY 2018 and is projected to increase to $65.1 million in FY 2019. A significant increase in this revenue category is projected for FY 2020 (to $79.1 million), when debt service for the anticipated Series 2018 Bonds and payments on the Authority's line of credit related to Terminal projects is anticipated to begin. Terminal Rentals are projected to increase in FY 2021 through FY 2023, to approximately $84.2 million in FY 2023. The calculation of the projected terminal rental rate is presented on Table 4-9. The average terminal rental rate is projected to increase from $147.19 in FY 2017 to $213.47 in FY 2023.

Table 4-9: Projected Terminal Rental Rate

	Fiscal Years Ending June 30						
	Estimate	Projected					
Calculation Elements	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Terminal Costs							
O&M Expenses	62,934,704	65,987,787	67,676,267	70,316,037	72,537,902	74,210,179	76,581,522
Revenue Bond Debt Service	23,677,748	23,863,125	24,771,888	35,099,720	35,101,803	35,097,729	35,100,453
Short Term Obligations	1,303,049	1,477,968	1,180,754	5,506,036	5,508,870	5,515,402	5,521,452
Amortization Charges	2,892,700	6,557,100	9,826,800	14,135,500	16,475,000	15,972,900	15,972,900
Other Requirements	1,766,300	1,355,600	1,133,800	1,150,600	1,173,600	1,197,500	1,222,500
Total Terminal Requirement	**$92,574,501**	**$99,241,579**	**$104,589,509**	**$126,207,893**	**$130,797,175**	**$131,993,710**	**$134,398,827**
Credits:							
Citation Revenue Credit	(179,558)	(184,944)	(190,493)	(196,208)	(202,094)	(208,157)	(214,401)
Custodial Contract Credit	(5,571,865)	(5,532,193)	(5,698,159)	(5,869,103)	(6,045,177)	(6,226,532)	(6,413,328)
FIS Use Charge	(871,170)	(911,814)	-	-	-	-	-
Total Credits	($6,622,593)	($6,628,951)	($5,888,651)	($6,065,311)	($6,247,270)	($6,434,688)	($6,627,729)
Terminal Net Requirement	**$85,951,908**	**$92,612,628**	**$98,700,857**	**$120,142,582**	**$124,549,905**	**$125,559,021**	**$127,771,097**
Terminal Square Footage	583,945	575,185	599,562	598,533	598,533	598,533	598,533
Rental Rate Per Square Foot	**$147.19**	**$161.01**	**$164.62**	**$200.73**	**$208.09**	**$209.78**	**$213.47**

4.4.1.4 Security Surcharge Revenue

The Signatory Airlines pay a Security Surcharge to reimburse the Authority for the cost of providing security in the airfield and terminal areas. The security costs incorporated into the calculation of the Security Surcharge include allocated O&M Expenses, debt service costs, amortization charges, and terminal rent for the security check point areas used by the TSA for passenger security screening. Any federal, state, or local grants received to offset security costs, and PFCs applied to security costs, are deducted from the allocated costs in calculating the Security Surcharge. This revenue category increased from approximately $18.6 million in FY 2012 to $29.2 million in FY 2016, reflecting the historical increases in the cost of providing security. Security Surcharge revenue is estimated to total $30.0 million in FY 2017, and is budgeted to increase to $32.9 million in FY 2018, reflecting the security cost increases explained in the sub-section on O&M Expenses above. Security Surcharge revenue is projected to increase to $40.6 million in FY 2023, reflecting future projected increases in security costs, as explained earlier in this section.

4.4.1.5 Other Aviation Revenues

Other Aviation Revenues consist primarily of the capital cost recovery of the fuel farm and fuel farm franchise fees. This revenue category remained constant at $1.6 million from FY 2012 through FY

2016, and is estimated to equal $1.6 million in FY 2017. However, with the completion of the capital cost recovery period for the fuel farm at the end of FY 2017, this revenue category is projected to decrease to approximately $200,000 in FY 2018 and throughout the remainder of the forecast period.

4.4.2 Non-Airline Revenues

Non-airline revenues consist of building rents, terminal concession revenues, parking and ground transportation revenues, ground rentals, other operating revenue, and interest income. Non-airline revenues increased from $86.2 million in FY 2012 to $127.2 million in FY 2016, mainly due to increases in parking revenue and ground transportation revenue; revenue received from the concessions in the terminal; and ground rentals. Total non-airline revenues are projected to increase from approximately $134.8 million in FY 2017 to $176.1 million in FY 2023. Much of the projected increases are due to anticipated increases in parking revenue after the completion of the Terminal 2 Parking Plaza and a planned increase in the FIS use charge. The components of non-airline revenue, including historical changes and projected increases, are discussed in the paragraphs below.

4.4.2.1 Building and Other Rents

The Authority receives rent from non-airline tenants for space rented in the terminal buildings and other areas. This revenue category increased from $0.9 million in FY 2012 to $1.5 million in FY 2015 and decreased to $1.0 million in FY 2016. Building and Other Rent revenue is estimated to total approximately $1.5 million in FY 2017, and is projected to total $1.6 million per year from FY 2018 through FY 2023.

4.4.2.2 Concessions

The Authority receives percentage concession fees, subject to a minimum annual guarantee, from rental car, food and beverage, news and gift, and other concessionaires. The concession revenue is calculated as a percentage of each concessionaire's sales, subject to minimum annual guarantee amounts. The various types of concession revenues and the historical trends and projected future increases are described in the sub-sections below.

4.4.2.2.1 Rental Car Concession Revenue

The largest component of the terminal concession revenue category is rental car concession revenue, which represented 52.4 percent of total terminal concession revenue in FY 2016. The rental car companies that operate at the Airport pay a concession fee of 10 percent of their gross revenues. Beginning with the opening of the RCC in January 2016, the rental car companies have also been paying a cost recovery fee for the operating expenses of the RCC. Rental car concession revenue increased from approximately $23.9 million in FY 2012 to $27.8 million in FY 2016. Rental car gross revenues per non-connecting deplanement remained fairly constant during the historical period, meaning that the increase in rental car concession revenue has been mainly due to increases in non-connecting deplanements. In FY 2017, rental car concession revenue is estimated to total $29.3 million, including $1.6 million for the RCC cost recovery fee. Rental car concession revenue for future years is projected based on the FY 2016 gross revenues, per non-connecting deplanement, applied to projected non-connecting deplanements, plus the RCC cost recovery fee. Rental car concession revenue is projected to increase from approximately $30.1 million in FY 2018 to $32.7 million in FY 2023.

4.4.2.2.2 Food and Beverage/Gift and News Concession Revenues

In March 2015, the Authority completed its Concessions Development Program (CDP), which involved a complete revamp of the shopping and dining options in the passenger terminals. The Authority began implementing the CDP after its master concession agreement with the master concessions operator expired in November 2012. The CDP marked a change from the Authority's long-time master concessionaire model to a hybrid model involving the direct leasing and multiple prime concessionaire approaches. The CDP increased the number of shops and restaurants from 55 to 84, and involved the introduction of local San Diego offerings. The CDP was designed to increase competition among concessionaires, to promote a variety of brands and concepts, and to increase the Authority's control over the concessions program – thereby maximizing concession sales and the resulting revenue to the Authority. Based on the financial results of the concessions in the passenger terminals, the CDP has successfully increased gross sales and concession revenues, as described in the following statistics:

- Food and Beverage concession revenue increased from $6.4 million in FY 2012 to $10.4 million in FY 2016 – representing a 12.9 percent average annual increase, compared to the 4.4 percent average annual increase in enplanements during the same time period. The significantly higher growth rate in concession revenues is reflected in the increase in Food and Beverage gross sales per enplanement, which increased from $5.50 in FY 2012 to $6.92 in FY 2016.
- Gift and News concession revenue increased from $4.0 million in FY 2012 to $6.4 million in FY 2016 – representing a 12.0 percent average annual increase. The Gift and News gross sales per enplanement increased from $2.88 in FY 2012 to $4.00 in FY 2016.

The projections of concession revenues for Food and Beverage and Gift and News are based on the FY 2016 gross sales per enplanement for each of the two types of concession operations, with annual increases for assumed price inflation, applied to forecast enplanements, and multiplied by the applicable concession fee percentages. Food and Beverage concession revenue is projected to increase to $13.2 million in FY 2023, and Gift and News concession revenue is projected to increase to $8.5 million in FY 2023.

4.4.2.2.3 License Fees

The Authority receives license fees from companies that provide ground handling and in-flight food services. These license fees, which are based on a percentage of the providers' gross revenues. Increased from $3.2 million in FY 2012 to $4.4 million in FY 2016. License Fees are estimated to total $4.7 million in FY 2017 and are budgeted to equal $4.8 million in FY 2018. Based on anticipated increases in future activity, License Fees are projected to increase to approximately $5.1 million in FY 2023.

4.4.2.2.4 Other Terminal Concession Revenues

This category includes rents and fees received for advertising displays, luggage carts, ATMs, wifi service providers, security bin advertisements, and other miscellaneous sources. This revenue category increased from $2.9 million in FY 2012 to $3.3 million in FY 2016, mainly due to an increase in the minimum annual guarantee for the advertising concessionaire, and increases in gross revenues reported by the concessionaires that provide luggage carts, ATMs, vending machines, and a common use passenger lounge. Other Terminal Concession revenues are estimated to remain constant at $3.3 million in FY 2017 and then decrease to $3.0 million in FY 2018, due to the termination of a contract with a wifi service provider, before increasing in FY 2019 and each subsequent year, due to projected increases in passenger activity. This revenue category is projected to increase to $3.6 million in FY 2023.

4.4.2.2.5 Terminal Concession Cost Recovery Revenue

The Authority recovers various costs related to terminal concessions program through cost recovery fees. The revenues from these fees are used to reimburse the Authority for various costs, including: the capital and operating costs of the Receiving and Distribution Center (RDC) located on the north side of the airfield, which is used by the terminal concessionaires; O&M Expenses related to the terminal concessions; marketing expenses related to the terminal concessions program; and storage costs. The fees were phased in starting in FY 2013, and totaled approximately $3.9 million in FY 2016. These fees are projected to increase during the forecast period, reflecting projected increases in O&M Expenses and the operating costs of the RDC, to $5.4 million in FY 2023.

4.4.2.3 Parking and Ground Transportation

The Authority receives revenues from the public parking lots at the Airport, ground transportation permit and trip fees, and parking citation revenues. Parking and Ground Transportation revenues increased from approximately $31.5 million in FY 2012 to $48.1 million in FY 2016, mainly due to (1) parking rate increases in July 2014 and July 2016; (2) the continued multi-year phase-in of cost-based ground transportation fees; and (3) the implementation of trip fees for Transportation Network Companies (TNCs) in July 2015. In FY 2011, the Authority began a four-year phase-in of new ground transportation fees for taxicabs, limousines, other vehicles for hire, hotel shuttles, and off-airport parking shuttles. The largest annual increase in ground transportation fees occurred in FY 2016, when those fees increased to $5.0 million (from $2.9 million in FY 2015), mainly due to the implementation of the TNC trip fees.

In FY 2018, Parking and Ground Transportation revenues are estimated to remain at the FY 2016 level of approximately $48.1 million and are budgeted to decrease slightly in FY 2018, to $48.0 million. This revenue category is estimated to remain relatively flat even though enplanements are increasing, mainly because a portion of the surface parking lot in front of Terminal 2 was closed near the beginning of FY 2017 and will remain closed in FY 2018 during construction of the

Terminal 2 Parking Plaza.. Authority staff has developed a very detailed analysis of parking revenue statistics as the basis for detailed projections of parking revenue by facility. Parking revenue projections for the forecast period reflect the anticipated effects of increased passenger activity, modest rate increases every two years, and the projected impacts of the completion of the Terminal 2 Parking Plaza. Parking and Ground Transportation revenues are projected to increase to $57.6 million in FY 2019, reflecting the planned opening of the Terminal 2 Parking Plaza, and are projected to increase further in subsequent years due to projected increases in parking activity tied to forecasted increases in passenger traffic, and assumed parking rate increases every two years. Parking and Ground Transportation revenues are projected to increase to $62.9 million in FY 2023.

4.4.2.4 Ground Rentals

The Authority receives rentals from airline and non-airline tenants for various land parcels at the Airport, including the parcel on which the RCC is located, the FBO, and the passenger and all-cargo airlines. Ground Rentals increased from $7.1 million in FY 2012 to $15.2 million in FY 2016. The largest increase occurred in FY 2016, with the commencement of the ground lease for the RCC in January 2016.

In FY 2017, Ground Rentals are estimated to increase to $18.5 million, reflecting the first full year of the ground lease for the RCC. Ground Rentals are budgeted to increase to $19.8 million in FY 2018. This revenue category is projected to increase significantly in FY 2020, to $26.4 million, due to the scheduled completion of new cargo facilities, which will generate new ground rent revenue. Ground Rentals are projected to increase in accordance with ground lease provisions, to $27.4 million in FY 2023.

4.4.2.5 FIS Use Charge Revenue

The Authority has a use fee for international service based on the number of international arriving seats. This revenue category is projected to total approximately $4.6 million in FY 2019, with increases each year thereafter based on the forecast increases in international arriving seats, to approximately $4.9 million in FY 2023.

4.4.2.6 Other Operating Revenues

The largest component of this category consists of reimbursements of utility expenses, received primarily from the TSA, Host International, and the FAA. This revenue category includes finger printing fees, reimbursement of utility expenses, service charges, equipment rentals, non-airline remote aircraft parking fees, and other miscellaneous revenues. From FY 2012 through FY 2016, the total of this revenue category fluctuated between approximately $0.9 million and $1.5 million. This category increased from $0.9 million in FY 2015 to $1.2 million in FY 2016, and is estimated to total $1.5 million in FY 2017 due to various unusual one-time miscellaneous revenue items. Other Operating Revenues are projected to total approximately $0.8 million per year throughout the remainder of the forecast period.

4.4.2.7 Interest Income

The Authority receives interest income on (i) Authority discretionary cash, (ii) promissory notes from the Port District, and (iii) the various bond funds and accounts established pursuant to the Master Senior Indenture. Interest income is projected to increase to approximately $10.0 million in FY 2023.

4.5 Key Financial Indicators

This sub-section discusses the projections of the following key financial indicators: (1) the application of Revenues pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture, (2) the Authority's ability to satisfy the Additional Bonds Test, as evidenced by its ability to meet the Senior Rate Covenant and the Subordinate Rate Covenant; and (3) the airline cost per enplaned passenger.

4.5.1 Application of Revenues

Table 4-10 shows the forecast application of Revenues pursuant to the provisions of the Master Senior Indenture, during the forecast period. Revenues are applied in the order shown on Figure 4-1.

Table 4-10: Application of Revenues

	Fiscal Years Ending June 30						
	Estimate	Projected					
	2017	2018	2019	2020	2021	2022	2023
Airport Revenues	$250,493,739	$262,422,707	$287,828,252	$322,827,676	$331,716,339	$342,907,650	$351,762,458
Application of Airport Revenues							
Operation & Maintenance Subccount	$155,741,280	$166,138,947	$172,477,452	$178,583,702	$183,885,021	$189,357,857	$195,007,978
Senior Obligation Debt Service net of PFCs applied [1]	10,956,324	10,956,268	11,442,337	39,756,709	39,755,081	39,748,884	39,756,291
Debt Service Reserve Funds	-	-	-	-	-	-	-
Subordinate Obligation Debt Service, net of PFCs applied [1]	26,830,782	44,802,517	46,384,423	47,520,688	47,529,170	47,542,899	47,544,787
Subordinate Obligations Debt Service Reserve Funds	-	-	-	-	-	-	-
Operation & Maintenance Reserve Subaccount	3,239,910	3,702,932	1,584,626	1,526,562	1,325,330	1,368,209	1,412,530
Renewal and Replacement Subaccount	-	-	-	-	-	-	-
Airport Revenue Fund	53,725,442	36,822,043	55,939,414	55,440,016	59,221,737	64,889,801	68,040,871
Total Airport Revenues Applied	$250,493,739	$262,422,707	$287,828,252	$322,827,676	$331,716,339	$342,907,650	$351,762,458

[1] PFCs are excluded from the definition of Revenues in the Master Senior Indenture.

4.5.2 Rate Covenants

The calculations of the Senior Rate Covenant contained in the Master Senior Indenture and the Subordinate Rate Covenant contained in the Master Subordinate Indenture are projected on Table 4-11. The calculations reflect the projected debt service of the Series 2017 Bonds and the anticipated Series 2018 Bonds. As mentioned earlier, under the Master Senior Indenture, the Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues that will satisfy all the Authority's obligations under the Master Senior Indenture, and that will at least equal 125 percent of aggregate annual debt service on the outstanding Senior Bonds (the Senior Rate Covenant). Under the Master Subordinate Indenture, the Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues that will satisfy all the Authority's obligations under the Master Subordinate Indenture, and that will least equal 110 percent of aggregate annual debt service on the outstanding Subordinate Obligations (the Subordinate Rate Covenant).

Net Revenues are defined in the Master Senior Indenture as Revenues minus O&M Expenses. Subordinate Net Revenues are defined in the Master Subordinate Indenture as Net Revenues minus deposits to the Debt Service Funds for the payment of debt service on the Senior Bonds and any reserve fund deposits required pursuant to the Master Senior Indenture.

Pursuant to the PFC Resolution, the Board irrevocably committed $10 million of PFCs to the payment of debt service on Senior Bonds and Subordinate Obligations in FY 2018. However, the Authority plans to continue to apply approximately $30.0 million of annual PFCs toward a portion of debt service on Senior Bonds and Subordinate Obligations in each Fiscal Year during the forecast period. When PFCs are used to pay debt service on the Senior Bonds or the Subordinate Obligations, such debt service may be excluded from the calculation of debt service on the Senior Bonds and the Subordinate Obligations for purposes of the Rate Covenant calculations. Therefore, the debt service coverage calculations shown on Table 4-11 exclude the portion of debt service anticipated to be paid with PFCs. In FY 2011, the Authority began receiving cash subsidy payments from the U.S. Treasury for the portion of the Series 2010 Bonds that were issued as Build America Bonds (the "BAB subsidy"). The Authority anticipates that the annual BAB subsidy payments will continue to be received by the Authority at approximately the same annual amount that it has received in recent years, throughout the forecast period. Debt service coverage calculated according to the Senior Rate Covenant is projected to equal at least 3.63 times debt service during the forecast period. Debt service coverage calculated according to the Subordinate Rate Covenant is projected to equal 2.12 times debt service in FY 2018 and then equal at least 2.44 times debt service during the remainder of the forecast period. Therefore, the Authority is projected to satisfy the coverage requirements for both the Master Senior Indenture and the Master Subordinate Indenture.

Total debt service coverage (reflecting Senior Bonds and Subordinate Obligations) is projected to remain at or above 1.75 times debt service throughout the forecast period.

Table 4-11: Rate Covenants

	Fiscal Years Ending June 30							
	Historical	Estimate	Projected					
Calculation Elements	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Revenues	$238,640,326	$250,493,739	$262,422,707	$287,828,252	$322,827,676	$331,716,339	$342,907,650	$351,762,458
O&M Expenses	151,327,219	155,741,280	166,138,947	172,477,452	178,583,702	183,885,021	189,357,857	195,007,978
Net Revenues	$87,313,107	$94,752,459	$96,283,760	$115,350,800	$144,243,975	$147,831,318	$153,549,793	$156,754,480
Senior Bonds Debt Service	$20,504,600	$20,504,950	$20,503,750	$20,986,598	$51,017,450	$51,014,100	$51,005,700	$51,016,850
Minus: PFCs Used to Pay Debt Service	(9,490,326)	(9,548,626)	(9,547,482)	(9,544,261)	(11,260,741)	(11,259,019)	(11,256,816)	(11,260,559)
Senior Bonds Debt Service, Net of PFCs	$11,014,274	$10,956,324	$10,956,268	$11,442,337	$39,756,709	$39,755,081	$39,748,884	$39,756,291
Senior Bonds Debt Service Coverage	**7.93**	**8.65**	**8.79**	**10.08**	**3.63**	**3.72**	**3.86**	**3.94**
Subordinate Net Revenues	$76,298,832	$83,796,135	$85,327,492	$103,908,463	$104,487,266	$108,076,237	$113,800,909	$116,998,189
Subordinate Debt Service	46,911,988	47,287,489	65,260,368	66,845,495	66,265,280	66,275,485	66,291,416	66,289,561
Minus: PFCs Used to Pay Debt Service	(20,331,674)	(20,456,707)	(20,457,851)	(20,461,072)	(18,744,592)	(18,746,315)	(18,748,517)	(18,744,774)
Minus: BAB Subsidy [1]	(4,656,199)	(4,656,199)	(4,631,219)	(4,631,219)	(4,631,219)	(4,631,219)	(4,631,219)	(4,631,219)
Net Subordinate Debt Service	$21,924,115	$22,174,583	$40,171,298	$41,753,204	$42,889,469	$42,897,951	$42,911,680	$42,913,568
Subordinate Debt Service Coverage	**3.49**	**3.78**	**2.12**	**2.49**	**2.44**	**2.52**	**2.65**	**2.73**
Total Debt Service	$32,938,390	$33,130,907	$51,127,566	$53,195,541	$82,646,177	$82,653,032	$82,660,564	$82,669,859
Total Debt Service Coverage	**2.65**	**2.86**	**1.88**	**2.17**	**1.75**	**1.79**	**1.86**	**1.90**

[1] In FY 2011 the Authority began receiving cash subsidy payments from the U.S. Treasury for the portion of the Series 2010 Bonds that were issued as Build America Bonds (BAB subsidy). The projections assume that the annual BAB subsidy payments will continue to be received by the Authority at approximately the level received by the Authority in recent years, throughout the forecast period.

4.5.3 PFC Cash Flow

The projected PFC cash flow is presented on Table 4-12. The projections assume the PFC collection level will remain at the current rate of $4.50. PFC collections, net of the airline collection fee, are projected to increase from $41.5 million in FY 2017 to $46.6 million in FY 2023. As discussed above, the Authority plans to continue to apply $30 million in annual PFCs toward a portion of debt service on the Senior Bonds and Subordinate Obligations. In addition, the Authority is applying PFCs on a Pay-As-You-Go basis toward PFC eligible costs of the Capital Program. The balance in the PFC Fund is projected to decrease from $73.2 million at the end of FY 2017 to $33.7 million in FY 2018, mainly due to an increase in PFCs applied on a Pay-As-You-Go basis toward eligible project costs of the Capital Program. The PFC Fund balance is then projected to increase to approximately $69.0 million at the end of FY 2023.

Table 4-12: Projected PFC Cash Flow

	Fiscal Years Ending June 30						
	Estimate	Projected					
	2017	2018	2019	2020	2021	2022	2023
PFC Collections							
Projected Enplanements	10,508,643	10,755,312	10,941,262	11,040,468	11,181,498	11,393,768	11,791,493
% Eligible	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
PFC Eligible Enplanements	9,457,800	9,679,800	9,847,100	9,936,400	10,063,300	10,254,400	10,612,300
Gross PFC Collections							
$4.50 Per Eligible Enplanement	$42,560,100	$43,559,100	$44,312,000	$44,713,800	$45,284,900	$46,144,800	$47,755,400
Less: Airline Collection Fee							
$0.11 Per Eligible Enplanement	(1,040,400)	(1,064,800)	(1,083,200)	(1,093,000)	(1,107,000)	(1,128,000)	(1,167,400)
Net PFC Collections	$41,519,700	$42,494,300	$43,228,800	$43,620,800	$44,177,900	$45,016,800	$46,588,000
PFC Fund							
Beginning Balance	$74,104,773	$73,192,124	$33,700,392	$30,903,797	$35,858,431	$48,072,305	$53,905,550
Net PFC Collections	41,519,700	42,494,300	43,228,800	43,620,800	44,177,900	45,016,800	46,588,000
Applied to Debt Service [1]	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)
Applied on a Pay-As-You-Go basis [2]	(12,468,907)	(49,660,268)	(13,675,838)	(6,413,550)	(50,000)	(7,450,000)	-
Applied to Quiter Home Program	(400,000)	(2,748,000)	(2,748,000)	(2,748,000)	(2,748,000)	(2,748,000)	(2,748,000)
Interest Income	441,891	427,570	403,776	500,717	839,307	1,019,779	1,228,745
Ending Balance	$73,192,124	$33,700,392	$30,903,797	$35,858,431	$48,072,305	$53,905,550	$68,968,962

[1] The Authority plans to apply certain PFCs to the payment of debt service for the Series 2010 and Series 2013 Bonds.
[2] PFCs projected to be applied on a Pay-As-You-Go basis to capital costs of the Capital Program.

4.5.4 Airline Cost per Enplanement

An important component of the financial feasibility report is an assessment of how the planned capital improvements and the related financings will affect airline rates and charges. Based on the financial projections discussed above, the airline cost per enplaned passenger (CPE), presented on Table 4-12, is projected to increase from $10.71 in FY 2017 to $14.92 in FY 2022 before decreasing to $14.70 in FY 2023. The projected increases in the CPE are mainly due to the factors discussed above, including increases in landing fees and terminal rentals caused by increases in O&M Expenses, and new debt service requirements and amortization charges related to the Capital Program costs. However, a CPE in the $14 to $15 range for a large hub airport such as SAN is reasonable, especially since it incorporates the projected effects of SAN's Capital Program. Several large hub airports currently have a CPE at or above $20, including Miami International, Washington Dulles International, JFK International, and Newark International. A few other large hub airports currently have a CPE in the $14 to $20 range. As those airports implement future capital improvements their CPE levels will likely increase further.

Table 4-13: Projected Airline Cost per Enplanement

	Fiscal Years Ending June 30						
	Estimate	Projected					
Airline Revenue Category	2017	2018	2019	2020	2021	2022	2023
Landing Fees	$24,867,343	$27,712,653	$29,752,280	$38,827,549	$40,669,266	$44,943,743	$45,715,416
Aircraft Parking Fees	2,865,482	3,019,412	3,233,943	4,220,386	4,420,572	4,885,189	4,969,067
Terminal Rental Revenue [1]	54,795,212	58,844,024	63,467,723	77,104,413	79,921,101	80,605,191	82,043,459
Security Surcharges	30,039,093	32,915,963	34,754,291	37,510,187	38,686,249	39,606,866	40,626,684
Total Airline Revenue	**$112,567,129**	**$122,492,052**	**$131,208,237**	**$157,662,535**	**$163,697,188**	**$170,040,990**	**$173,354,625**
Enplanements	10,508,643	10,755,312	10,941,262	11,040,468	11,181,498	11,393,768	11,791,493
Cost Per Enplanement	**$10.71**	**$11.39**	**$11.99**	**$14.28**	**$14.64**	**$14.92**	**$14.70**

[1] Excludes club room lease revenue.

4.5.5 Sensitivity Analysis

A sensitivity analysis was prepared using the low enplanement forecast scenario presented in Section 4. The projections of the key financial variables under the sensitivity analysis, and for comparative purposes, the base enplanement forecast scenario, are summarized on Table 4-14. Under the low enplanement forecast scenario, the senior debt service coverage and the subordinate debt service coverage are projected to remain well above the minimum requirements throughout the forecast period. The landing fee rate is projected to rise to a high of $3.48 (in FY 2021), and the airline cost per enplanement is projected to increase to a high of $15.72 (in FY 2022). The projected airline costs under the low enplanement forecast scenario would still be reasonable considering that the projections reflect the estimated costs of the Capital Program.

Table 4-14: Key Financial Projections for Sensitivity Analysis

	Fiscal Years Ending June 30						
	2017	2018	2019	2020	2021	2022	2023
Base Forecast							
Net Revenues	$94,752,459	$96,283,760	$115,350,800	$144,243,975	$147,831,318	$153,549,793	$156,754,480
Debt Service Coverage							
Senior	8.65	8.79	10.08	3.63	3.72	3.86	3.94
Subordinate	3.78	2.12	2.49	2.44	2.52	2.65	2.73
Total	2.86	1.88	2.17	1.75	1.79	1.86	1.90
Landing Fee Rate	$1.96	$2.14	$2.26	$2.94	$3.04	$3.31	$3.26
Airline Cost per Enplanement	$10.71	$11.39	$11.99	$14.28	$14.64	$14.92	$14.70
PFC Fund Balance	$73,192,124	$33,700,392	$30,903,797	$35,858,431	$48,072,305	$53,905,550	$68,968,962
Low Forecast							
Net Revenues	$94,752,459	$96,283,760	$112,349,797	$138,744,052	$142,616,713	$148,399,218	$150,785,375
Debt Service Coverage							
Senior	8.65	8.79	9.82	3.49	3.59	3.73	3.79
Subordinate	3.78	2.12	2.42	2.31	2.40	2.53	2.59
Total	2.86	1.88	2.11	1.68	1.73	1.80	1.82
Landing Fee Rate	$1.96	$2.27	$2.40	$3.10	$3.20	$3.48	$3.45
Airline Cost per Enplanement	$10.71	$12.08	$12.75	$15.14	$15.46	$15.72	$15.59
PFC Fund Balance	$73,192,124	$31,258,223	$25,830,255	$28,217,933	$37,922,404	$41,235,853	$53,374,726

4.6 Summary

The following points highlight the significant findings of the financial analysis contained in this section:

- Debt service coverage calculated according to the Senior Rate Covenant is projected to equal at least 3.63 times debt service during the forecast period.
- Debt service coverage calculated according to the Subordinate Rate Covenant is projected to equal 2.12 times debt service in FY 2018 and then equal at least 2.44 times debt service during the remainder of the forecast period. The airline cost per enplaned passenger is projected to remain reasonable during the forecast period. SAN's airline cost per enplanement is projected to increase from $10.71 in FY 2017 to a high of $14.92 in FY 2022, before decreasing to $14.70 in FY 2023.
- PFC revenues are projected to increase from $41.5 million in FY 2017 to $46.6 million in FY 2023. The PFC fund balance is projected to increase from $33.7 million in FY 2018 to $69.0 million in FY 2023.
- Under the low enplanement forecast scenario, the senior debt service coverage and the subordinate debt service coverage are projected to remain well above the minimum requirements throughout the forecast period. The projected airline cost per enplanement under the low enplanement forecast scenario is projected to remain under $16.00 during the forecast period, and the PFC fund balance is projected to increase from $31.3 million in FY 2018 to $53.4 million in FY 2023.

ATTACHMENT 3

PURCHASE CONTRACT

$_________	$________
San Diego County	San Diego County
Regional Airport Authority	Regional Airport Authority
Subordinate Airport Revenue Bonds	Subordinate Airport Revenue Bonds
Series 2017A	Series 2017B
(Non-AMT)	(AMT)

______________ __, 2017

San Diego County Regional Airport Authority
3225 North Harbor Drive, 3rd Floor
San Diego, California 92101

Ladies and Gentlemen:

The undersigned, Morgan Stanley & Co. LLC (the "**Representative**"), as representative of the underwriters listed on the signature page hereof (the "Underwriters") hereby offers to enter into this Purchase Contract (this "**Purchase Contract**") with the San Diego County Regional Airport Authority (the "**Authority**"). The offer made hereby is subject to acceptance by the Authority by execution and delivery of this Purchase Contract to the Underwriters at or prior to 11:59 p.m., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriters upon notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. Upon acceptance of this offer by the Authority in accordance with the terms hereof, this Purchase Contract will be binding upon the Authority and upon the Underwriters. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Official Statement or the Subordinate Indenture, each as hereinafter defined.

1. **Purchase and Sale**. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Underwriters, acting as principals and independent contractors and not as agents or fiduciaries, hereby, jointly and severally, agree to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriters, all (but not less than all) of the $__________ aggregate principal amount of the Authority's Subordinate Airport Revenue Bonds, Series 2017A (the "**Series 2017A Bonds**") and the $_________ aggregate principal amount of the Authority's Subordinate Airport Revenue Bonds, Series 2017B (the "**Series 2017B Bonds**," and together with the Series 2017A Bonds, the "**Series 2017 Bonds**"). The Series 2017 Bonds shall be dated the date of issuance, shall bear interest payable on January 1, 2018 and thereafter semiannually each January 1 and July 1 at the rates, shall mature on July 1 in each year in the amounts, and shall be subject to redemption, all as set forth in the attached Schedule I. The purchase price for the Series 2017A Bonds shall be $___________ (consisting of the aggregate principal amount of the Series 2017A Bonds, plus [net] original issue premium of $_______________, less an underwriters' discount of $______________) (the "**Series**

2017A Purchase Price”). The purchase price for the Series 2017B Bonds shall be $____________ (consisting of the aggregate principal amount of the Series 2017B Bonds, plus [net] original issue premium of $________________, less an underwriters' discount of $____________) (the “**Series 2017B Purchase Price**,” and collectively with the Series 2017A Purchase Price, the “**Purchase Price**”).

The Authority will undertake, pursuant to a Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”), to provide certain annual financial information and notices of the occurrence of certain enumerated events. A description of this undertaking is set forth in the Official Statement.

The Authority acknowledges and agrees that (i) the purchase and sale of the Series 2017 Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the Authority and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as municipal advisors (as defined in Section 15B(e)(4) of the Securities Exchange Act of 1934, as amended), or agents, advisors or fiduciaries of the Authority, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Authority with respect to the offering of the Series 2017 Bonds contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters, or any affiliates of the Underwriters, have provided other services or are currently providing other services to the Authority on other matters) and the Underwriters have no obligation to the Authority with respect to the offering of the Series 2017 Bonds contemplated hereby except the obligations expressly set forth in this Purchase Contract and except as otherwise provided by law, (iv) the Authority has consulted with its own legal, financial and other advisors to the extent it deemed appropriate in connection with the offering of the Series 2017 Bonds, and (v) the Underwriters have financial and other interests that differ from those of the Authority. Nothing in the foregoing paragraph is intended to limit the Underwriters' obligations of fair dealing under the Municipal Securities Rulemaking Board's Rule G-17.

2. **The Series 2017 Bonds**. The Series 2017 Bonds will be issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "**Act**"); the Revenue Bond Law of 1941 Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title *5* of the California Government Code and the limitations set forth in California Government Code Section 54402(b), which do not apply to the issuance and sale of bonds pursuant to the Act; and the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "**Master Subordinate Indenture**"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "**Subordinate Trustee**"), and the Fifth Supplemental Subordinate Trust Indenture, to be dated as of [August] 1, 2017 (the "**Fifth Supplemental Subordinate Indenture**," and collectively with the Master Subordinate Indenture and all supplements thereto, the "**Subordinate Indenture**"), by and between the Authority and the Subordinate Trustee. Additionally, the board of directors of the Authority (the "**Board**") authorized the issuance of the Series 2017 Bonds pursuant to a resolution adopted by the Board on [July 6], 2017 (the "**Bond Resolution**"). The Series 2017 Bonds shall be payable from Subordinate Net Revenues, and from certain additional limited funds held by the Subordinate Trustee under the Subordinate Indenture.

Additionally, on July 6, 2017, the Board adopted a resolution (the "**PFC Resolution**") authorizing the irrevocable commitment of a portion of the PFCs received by the Authority to the payment of a portion of the debt service on the Senior Bonds and Subordinate Obligations.

The proceeds of the Series 2017 Bonds will be used to (a) pay and/or reimburse the Authority for certain capital improvements at San Diego International Airport (the "**Airport**"), (b) repay a portion of the outstanding Subordinate Revolving Obligations, (c) fund a portion of the interest accruing on the Series 2017 Bonds, (d) make a deposit to the Subordinate Reserve Fund, and (e) pay certain expenses in connection with the issuance of the Series 2017 Bonds. The Series 2017 Bonds are being issued for such purposes and shall otherwise be as described in the Subordinate Indenture and the Official Statement.

3. **Use and Preparation of Official Statement**. The Authority hereby ratifies, approves and confirms the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement of the Authority with respect to the Series 2017 Bonds, dated ________ __, 2017 (together with the Appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "**Preliminary Official Statement**"), in connection with the offering and sale of the Series 2017 Bonds. The Authority represents and warrants that the Preliminary Official Statement was deemed final by the Authority as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("**Rule 15c2-12**"), except for those matters permitted by Rule 15c2-12 to be omitted, including maturity amounts, interest rates, offering prices, redemption dates and prices, ratings, underwriters' discount, delivery dates and related terms. The Authority hereby agrees to deliver or cause to be delivered to the Underwriters, in sufficient time to accompany any confirmation that requests payment from any customer (but in no event later than the earlier of seven business days after the date hereof or the business day prior to the Closing Date), copies of the final Official Statement, dated the date hereof (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements to such Official Statement as have been approved by the Authority (after consultation with the Representative)) (the "**Official Statement**") in sufficient quantity (which may be in electronic form) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Authority hereby approves of the use and

distribution by the Underwriters of the Official Statement in connection with the offer and sale of the Series 2017 Bonds. At the time of or prior to the date of Closing, the Underwriters shall file a copy of the Official Statement with the Municipal Securities Rulemaking Board.

4. **Representations, Warranties, Covenants and Agreements of the Authority**. The Authority represents and warrants to and covenants and agrees with the Underwriters that as of the date hereof:

(a) The Authority is a local governmental entity of regional government with jurisdiction extending throughout the County of San Diego (the "**County**"), organized and existing pursuant to the provisions of the Act and the Constitution of the State of California.

(b) The Authority has full legal right, power and authority to enter into this Purchase Contract and the Subordinate Indenture, to execute the Continuing Disclosure Certificate, to adopt the Bond Resolution and the PFC Resolution and to observe, perform and consummate the covenants, agreements and transactions contemplated by this Purchase Contract, the Subordinate Indenture, the Continuing Disclosure Certificate and the Official Statement and to issue, sell and deliver the Series 2017 Bonds to the Underwriters as provided herein; and by all necessary official action of the Authority prior to or concurrently with the acceptance hereof, the Board has duly adopted the Bond Resolution and the PFC Resolution and approved the Preliminary Official Statement and the Official Statement; the Bond Resolution and the PFC Resolution are in full force and effect and have not been amended, modified or rescinded; the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of its obligations contained in, the Series 2017 Bonds, the Subordinate Indenture, the Official Statement, the Continuing Disclosure Certificate and this Purchase Contract; the Authority has duly authorized and approved the performance of its obligations contained in the Subordinate Indenture, the Continuing Disclosure Certificate, the Bond Resolution and the PFC Resolution and the consummation by it of all other transactions contemplated by this Purchase Contract to have been performed or consummated at or prior to the Closing Date (as hereinafter defined); and the Authority is in compliance in all respects with the terms of the Act and with the obligations in connection with the issuance of the Series 2017 Bonds on its part contained in the Bond Resolution, the PFC Resolution, the Subordinate Indenture, the Series 2017 Bonds and this Purchase Contract.

(c) As of the date thereof and the date hereof, the Preliminary Official Statement (except for the information relating to DTC, the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Preliminary Official Statement and in [[Table 23]] in the forepart of the Preliminary Official Statement, the information under the caption "UNDERWRITING" and information permitted to be excluded pursuant to Rule 15c2-12 as to which no representation is made (except as provided in paragraph (o) below)) did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, except as otherwise provided in this Purchase Contract, the Authority makes no representations as to employment and economic data (including projections) obtained from third parties contained in the Financial Feasibility Report and the Preliminary Official Statement.

As of the date hereof and the Closing Date, the Official Statement (except for the information relating to DTC,·the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Official Statement and in [[Table 23]] in the forepart of the Official Statement, and the information under the caption "UNDERWRITING" as to which no representation is made (except as provided in paragraph (o) below)) does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, except as otherwise provided in this Purchase Contract, the Authority makes no representations as to employment and economic data (including projections) obtained from third parties contained in the Financial Feasibility Report and the Official Statement.

(d) If between the date hereof and 25 days after the End of the Underwriting Period for the Series 2017 Bonds (as hereinafter defined) (i) any event shall occur or any fact or condition shall become known to the Authority which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Underwriters thereof, and (ii) in the reasonable opinion of the Authority or the Representative, following consultation with the other party hereto, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will at its expense supplement or amend the Official Statement.

As used herein, and for the purposes of the foregoing, the term **"End of the Underwriting Period"** for the Series 2017 Bonds shall mean the later of (i) the Closing Date or (ii) the date on which the End of the Underwriting Period for the Series 2017 Bonds has occurred under Rule 15c2-12; provided, however, that the Authority may assume that, unless notified otherwise in writing by the Representative on or before the Closing Date, the End of the Underwriting Period for the Series 2017 Bonds will occur on the Closing Date.

For the purposes of this Paragraph (d), between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2017 Bonds, the Authority will furnish such information with respect to itself and the Airport as the Underwriters may from time to time reasonably request.

(e) If the Official Statement is supplemented or amended pursuant to Paragraph 4(d) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Series 2017 Bonds, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Between the date hereof and the Closing Date, except as contemplated by the Official Statement, the Authority will not without the prior written consent of the Representative offer or issue any bonds, notes or other obligations for borrowed money, or, except in the ordinary course of business incur any other material liabilities, direct or contingent, in each case payable from Subordinate Net Revenues.

(g) The Authority is not in violation of, or in material breach of or in material default under, any applicable constitutional provision, law or administrative regulation or order of the State of California or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the Authority is a party or to which the Authority or any of its properties is otherwise bound, and no event has occurred to the knowledge of the Authority and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument, in any such event which violation or breach would have a material adverse effect on the ability of the Authority to repay the Series 2017 Bonds or on the security therefor; and the execution and delivery of this Purchase Contract, the Fifth Supplemental Subordinate Indenture, the Continuing Disclosure Certificate and the Series 2017 Bonds, the adoption of the Bond Resolution or the PFC Resolution, and compliance with the provisions of this Purchase Contract, the Subordinate Indenture, the Continuing Disclosure Certificate, the Bond Resolution, the PFC Resolution and the Series 2017 Bonds do not conflict with or constitute a material breach of or material default under any California constitutional provision, law, administrative regulation, order, judgment, court decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the Authority is a party, or by which it or any of its properties are bound, nor does any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its properties or under the terms of any such law, regulation or instrument, except as provided by the Series 2017 Bonds or except to the extent that such breach, or the creation or imposition of such lien or charge, would not have a material adverse effect on the security for the Series 2017 Bonds.

(h) Except as expressly set forth in the Official Statement, there is no action, suit, proceeding, hearing, inquiry or investigation, at law or in equity, before or by any California or Federal court, government agency, public board or body, pending or, to the best of the Authority's knowledge, threatened against the Authority (i) in any way questioning the existence of the Authority or the titles of the officers of the Authority to their respective offices in which an adverse decision would affect the Board's adoption of the Bond Resolution or the PFC Resolution or its approval of this Purchase Contract, the Subordinate Indenture, the Continuing Disclosure Certificate, the Preliminary Official Statement, the Official Statement or the Series 2017 Bonds; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Series 2017 Bonds, or the collection of revenues pledged to pay the principal of and interest on the Series 2017 Bonds, or the pledge of such revenues, or the application of the proceeds of the Series 2017 Bonds; (iii) affecting or seeking to prohibit, restrain or enjoin the imposition, collection or use of the PFCs for the payment of debt service as described in the Preliminary Official Statement and in the Official Statement; (iv) in any way contesting or affecting the validity or enforceability of the Series 2017 Bonds, the Subordinate Indenture, the Continuing Disclosure Certificate or this Purchase Contract, or contesting the powers of the Authority or any authority for the issuance of the Series 2017 Bonds, the adoption of the Bond Resolution or the PFC Resolution, or the execution and delivery by the Authority of, the Fifth Supplemental Subordinate Indenture, this Purchase Contract or the Continuing Disclosure Certificate; (v) which may result in any material adverse change relating to the business, operations or financial condition of the Authority or the ability of the Authority to pay the Series 2017 Bonds; or (vi) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) The Authority will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the Authority in cooperation with the Underwriters as may be reasonably requested (i) to qualify the Series 2017 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Underwriters; and (ii) to determine the eligibility of the Series 2017 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Series 2017 Bonds; provided, however, that the Authority shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(j) The Series 2017 Bonds, when issued and delivered in accordance with the Bond Resolution and the Subordinate Indenture and sold to the Underwriters as provided herein, will be the legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles whether or not sought, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against local government entities in the State of California, and (subject to the immediately preceding limitations) the owners of the Series 2017 Bonds will be entitled to the benefits of the Subordinate Indenture; upon such issuance and delivery the Subordinate Indenture will provide, for the benefit of the owners from time-to-time of the Series 2017 Bonds, a legally valid and binding pledge of and lien on the Net Revenues and the funds and accounts pledged to such Series 2017 Bonds under the Subordinate Indenture.

(k) When executed, this Purchase Contract, the Subordinate Indenture and the Continuing Disclosure Certificate (assuming due authorization, execution and delivery by the other parties thereto, if applicable) will constitute the valid and legally binding obligations of the Authority, enforceable in accordance with their terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles whether or not sought, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against local government entities in the State of California.

(l) All authorizations, approvals, licenses, permits, consents and orders of any federal or California governmental authority, legislative body, board, court, agency or commission having jurisdiction of the matter, or of any airline or tenant of the Authority, which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Authority of, its respective obligations under this Purchase Contract, the Subordinate Indenture and the Series 2017 Bonds, have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2017 Bonds.

(m) The Authority's Financial Statements set forth as Appendix B to the Preliminary Official Statement and the Official Statement and the financial information regarding the Authority included in [Table 13] of the Preliminary Official Statement and the Official Statement fairly present the financial position of the Authority as of the dates indicated and the results of its operations, the sources and uses of its cash and the changes in its fund balances for the periods therein specified to the extent included therein, and are in conformity with generally accepted accounting principles applied on a consistent basis, and there has been no material adverse change in the financial condition or results of operations of the Authority since the date thereof.

(n) The Authority has the right, power and authority to conduct its business and operations with respect to the Airport as described in the Preliminary Official Statement and the Official Statement.

(o) The forecasts included in the Financial Feasibility Report set forth in Appendix A of the Preliminary Official Statement and the Official Statement and in Table 23 in the forepart of the Preliminary Official Statement and the Official Statement are based on information and assumptions that were provided by and/or reviewed with and agreed to by Authority management. The forecasts reflect Authority management's expected course of action during the forecast period, and in Authority management's judgment, present fairly the expected financial results of the Authority. The Authority has no knowledge, after due inquiry, of any fact or circumstances that would have a material adverse effect on the assumptions or forecasts in the Financial Feasibility Report that the Authority has not disclosed to Unison Consulting, Inc. (the **"Feasibility Consultant"),** Kutak Rock LLP, Disclosure Counsel to the Authority ("Disclosure Counsel") and the Underwriters.

(p) The Authority is in compliance with all conditions, and has obtained all approvals and consents, necessary for the imposition and use of PFCs, as set forth in the Preliminary Official Statement and the Official Statement, including paying a portion of the debt service on the PFC Eligible Bonds.

(q) Any certificate signed by any authorized official of the Authority and delivered to the Underwriters shall be deemed to be a representation and warranty by the Authority to the Underwriters as to the statements made therein.

(r) The Authority will undertake, pursuant to the Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain enumerated events pursuant to Section (b)(5) of Rule 15c2-12. For the last five years, the Authority has been, and is now, in compliance with all of its continuing disclosure obligations under Rule 15c2-1 2.

(s) Between the date hereof and the Closing Date, the Authority will not supplement or amend the Bond Resolution, the PFC Resolution or the Subordinate Indenture (except as provided in the Fifth Supplemental Subordinate Indenture), without the prior written consent of the Representative.

5. **Offering; Representation of the Underwriters**.

(a) It shall be a condition to the Authority's obligations to sell and to deliver the Series 2017 Bonds to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Series 2017 Bonds that the entire $__________ principal amount of the Series 2017A Bonds and the entire $__________ principal amount of the Series 2017B Bonds shall be issued, sold and delivered by the Authority and purchased, accepted and paid for by the Underwriters on the Closing Date.

(b) Subject to the provisions of Section 6 hereof, the Underwriters agree to make a bona fide public offering of all of the Series 2017 Bonds at prices not in excess of the initial offering prices (or at yields not lower than the yields) set forth on the inside cover page of the Official Statement (as defined below), provided that the Underwriters may offer and sell the Series

2017 Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices or at yields higher than the initial yields set forth therein.

(c) The Representative is authorized to enter into this Purchase Contract on behalf of the Underwriters and this Purchase Contract is enforceable against the Underwriters in accordance with its terms. The Representative is authorized to take any action under this Purchase Contract required to be taken by the Underwriters. The signatory of this Purchase Contract on behalf of the Representative has been duly authorized to execute this Purchase Contract.

6. **Establishment of Issue Price**.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Authority in establishing the issue price of the Series 2017 Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit D, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Authority and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2017 Bonds.

(b) Except as otherwise set forth in Schedule I attached hereto,] the Authority will treat the first price at which 10% of each maturity of the Series 2017 Bonds (the "**10% test**") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Contract, the Representative shall report to the Authority the price or prices at which the Underwriters have sold to the public each maturity of the Series 2017 Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2017 Bonds, the Representative agrees to promptly report to the Authority the prices at which the Series 2017 Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Series 2017 Bonds of that maturity or until all Series 2017 Bonds of that maturity have been sold to the public.

[Subsection (c) shall apply only if the Representative agrees to apply the hold-the-offering-price rule, as described below.]

(c) The Representative confirms that the Underwriters have offered the Series 2017 Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Series 2017 Bonds for which the 10% test has not been satisfied and for which the Authority and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2017 Bonds, the Underwriters will neither offer nor sell unsold Series 2017 Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5^{th}) business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2017 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the Authority when the Underwriters have sold 10% of that maturity of the Series 2017 Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Authority acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2017 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2017 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. [[The Authority further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2017 Bonds.]]

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2017 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2017 Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Series 2017 Bonds of that maturity or all Series 2017 Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Series 2017 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2017 Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2017 Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Series 2017 Bonds of that maturity or all Series 2017 Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(e) The Underwriters acknowledge that sales of any Series 2017 Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2017 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2017 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2017 Bonds to the public),

(iii) a purchaser of any of the Series 2017 Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Purchase Contract by all parties.

7. **Closing.** At 8:00a.m., California time, on **_______ __**, 2017 or at such other time as shall have been mutually agreed upon by the Authority and the Representative (the **"Closing Date"),** the Authority will deliver or cause to be delivered to the Representative, under the Fast Automated Securities Transfer System of The Depository Trust Company **("DTC"),** the Series 2017 Bonds, in the form of a separate single fully registered Bond for each series, maturity date and interest rate of the Series 2017 Bonds duly executed by the Authority and authenticated by the Subordinate Trustee, together with the other documents hereinafter mentioned. The Representative will accept such delivery and pay the Purchase Price of the Series 2017 Bonds as set forth in Paragraph 1 hereof by wire transfer in immediately available funds on the Closing Date. The Series 2017 Bonds shall be made available to the Subordinate Trustee not later than one business day before the Closing Date. Upon initial issuance, the ownership of such Series 2017 Bonds shall be registered in the registration books kept by the Subordinate Trustee in the name of Cede & Co., as the nominee of DTC.

Payment for the Series 2017 Bonds, together with delivery of the documents hereinafter mentioned shall be coordinated at the offices of the Authority in San Diego, California, or at such other place as shall have been mutually agreed upon by the Authority and the Representative. Such payment and delivery is herein called the "**Closing**." The Representative shall order CUSIP identification numbers and the Authority shall cause such CUSIP identification numbers to be printed on the Series 2017 Bonds, but neither the failure to print such number on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Representative to accept delivery of and pay for the Series 2017 Bonds on the Closing Date in accordance with the terms of this Purchase Contract.

8. **Closing Conditions**. The obligations of the Underwriters hereunder shall be subject to the performance by the Authority of its obligations hereunder at or prior to the Closing and are also subject to the following conditions:

(a) The representations and warranties of the Authority contained herein shall be true, complete and correct in all material respects on the date hereof and on the Closing Date as if made on the Closing Date.

(b) At the time of the Closing (i) the Bond Resolution, the PFC Resolution, the Subordinate Indenture and the Continuing Disclosure Certificate shall be in full force and effect as valid and binding agreements, as applicable, between the parties thereto and the Official Statement shall have been duly authorized, executed and delivered, in substantially the form heretofore submitted to the Underwriters, and the Subordinate Indenture, the Continuing Disclosure Certificate, the Bond Resolution, the PFC Resolution and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative (subject to the provisions of this Purchase Contract), and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated hereby; (ii) the Authority shall perform or have performed its obligations required under or specified in this Purchase Contract, the Bond Resolution, the PFC Resolution, the Continuing Disclosure Certificate and the Subordinate Indenture to be performed at or prior to the Closing; and (iii) there shall have been no material adverse change in the financial or physical condition of the Authority or its properties.

(c) At or prior to the Closing, the Underwriters shall receive the following documents, in each case reasonably satisfactory in form and substance to the Representative and to their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation ("**Underwriters' Counsel**"):

(i) the unqualified approving opinion of Kutak Rock LLP ("**Bond Counsel**"), dated the Closing Date, addressed to the Authority, substantially in the form set forth as Appendix D to the Official Statement, together with a letter to the Underwriters stating that the Underwriters may rely on the same;

(ii) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that: (A) the Series 2017 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), and the Subordinate Indenture is exempt from qualification under to the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**"); and (B) the statements contained in the Official Statement under the captions "DESCRIPTION OF THE SUBORDINATE SERIES 2017 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS," "TAX MATTERS," "APPENDIX C - CERTAIN DEFINITIONS AND SUMMARIES OF THE MASTER SUBORDINATE INDENTURE AND THE FIFTH SUPPLEMENTAL SUBORDINATE INDENTURE," excluding any materials that may be treated as included under such captions by cross reference, insofar as such statements expressly summarize certain provisions of the Subordinate Indenture, the Series 2017 Bonds and Bond Counsel's opinion concerning federal tax matters relating to the Series 2017 Bonds, are accurate in all material respects;

(iii) an opinion of Disclosure Counsel, dated the Closing Date and addressed to the Authority and the Underwriters, substantially in the form attached as Exhibit A to this Purchase Contract;

(iv) an opinion, dated the Closing Date and addressed to the Underwriters, of counsel to the Authority, substantially in the form attached as Exhibit B to this Purchase Contract;

(v) an opinion of Underwriters' Counsel, dated the Closing Date and addressed to the Underwriters, acceptable in form to the Representative;

(vi) an opinion of counsel to the Subordinate Trustee, dated the date of Closing, addressed to the Authority and the Underwriters, to the effect that:

> (A) the Subordinate Trustee is a national banking association organized and existing under the laws of the United States of America, having full power and being qualified to enter, accept and administer the trust created under the Subordinate Indenture and to authenticate and deliver the Series 2017 Bonds;
>
> (B) the Series 2017 Bonds have been duly authenticated by the Subordinate Trustee in accordance with the Subordinate Indenture, and the Fifth Supplemental Subordinate Indenture has been duly authorized, executed and delivered by the Subordinate Trustee and, assuming due authorization, execution and delivery thereof by the Authority, the Subordinate Indenture constitutes the legal, valid and binding obligation of the Subordinate Trustee enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought; and
>
> (C) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Subordinate Indenture or the authentication of the Series 2017 Bonds by the Subordinate Trustee;

(vii) a certificate, dated the Closing Date, of the Authority executed by the President and CEO and one other Designated Officer (as defined in the Bond Resolution), to the effect that (A) the representations and warranties of the Authority in this Purchase Contract are true and correct as of the Closing Date, as if made on the Closing Date; (B) the representations and warranties of the Authority contained in the Subordinate Indenture were true as of the date originally made and are true and correct as of the Closing Date, as if made on the Closing Date; (C) the Authority has complied with all agreements and covenants and satisfied all conditions contemplated by this Purchase Contract, the Bond Resolution, the PFC Resolution and the Subordinate Indenture on its part to be performed or satisfied at or prior to the Closing Date; (D) the Official Statement (except for the information relating to DTC, the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Official Statement and in Table 23 in the forepart of the Official Statement and under the caption "UNDERWRITING", as to which no view need be expressed (except as provided in (E) and (F) below)) as of its date and as of the Closing Date did not and does not contain any untrue statement of a material fact or omit any statement or information which is required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that, except as otherwise provided in this Purchase Contract, the Authority makes no representations as to employment and economic data (including projections) obtained from third parties contained in the Financial Feasibility Report and the Official Statement; (E) the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Official Statement and in Table 23 in the forepart of the Official Statement (1) are based on information and assumptions that were provided by and/or reviewed with and agreed to by Authority management, and (2) reflect Authority management's expected course of action during the forecast period, and in Authority management's judgment, present fairly the expected financial results of the Authority; and (F) the Authority has no knowledge, after due inquiry, of any fact or circumstances that would have a material adverse effect on the assumptions or forecasts in the Financial Feasibility Report that the Authority has not disclosed to the Feasibility Consultant, Disclosure Counsel and the Underwriters

(viii) a certificate of the Subordinate Trustee, dated the Closing Date, to the effect that:

(A) the Subordinate Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into, accept the trusts created under and perform its duties under the Subordinate Indenture and to authenticate the Series 2017 Bonds;

(B) the Subordinate Trustee was and is duly authorized to enter into the Subordinate Indenture and to authenticate and deliver the Series 2017 Bonds to the Underwriters pursuant to the terms of the Subordinate Indenture;

(C) the execution and delivery by the Subordinate Trustee of the Subordinate Indenture, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Subordinate Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Subordinate Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Subordinate Trustee with respect to any federal or state securities or blue sky laws or regulations);

(D) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best of the knowledge of the Subordinate Trustee, threatened against or affecting the existence of the Subordinate Trustee or in any way contesting or affecting ·the validity or enforceability of the Series 2017 Bonds or the Subordinate Indenture or contesting the powers of the Subordinate Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Subordinate Trustee or the transactions contemplated in connection with the issuance and sale of the Series 2017 Bonds, or which, in any way, would adversely affect the validity of the Series 2017 Bonds, the

Subordinate Indenture or any agreement or instrument to which the Subordinate Trustee is a party and which is used or contemplated for use in the Subordinate Indenture, or the consummation of the transactions contemplated in connection with the issuance and sale of the Series 2017 Bonds; and

(E) subject to the provisions of the Fifth Supplemental Subordinate Indenture, the Subordinate Trustee will apply the proceeds from the Series 2017 Bonds to the purposes specified in the Fifth Supplemental Subordinate Indenture;

(ix) certified copies of the Bond Resolution and the PFC Resolution;

(x) executed copy of the Fifth Supplemental Subordinate Indenture;

(xi) an executed copy of the Continuing Disclosure Certificate;

(xii) a duly executed tax certificate of the Authority with respect to the Series 2017 Bonds in form satisfactory to Bond Counsel;

(xiii) two copies of the Official Statement, signed by the President and CEO/Executive Director of the Authority;

(xiv) an executed copy of the Financial Feasibility Report, together with the consent and certificate of the Feasibility Consultant substantially in the form of Exhibit C attached hereto;

(xv) a DTC Letter of Representation, executed by the Authority and accepted by DTC;

(xvi) evidence satisfactory to the Representative that Moody's Investors Service, Inc. **("Moody's"),** S&P Global Ratings, a division of Standard & Poor's Financial Services LLC **("S&P")** and Fitch Ratings **("Fitch")** have assigned ratings of"**__**,""**__**" and "**__**," respectively, to the Series 2017 Bonds;

(xvii) a copy of the Report of Proposed Debt Issuance and the Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission; and

(xviii) such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing of the representations and warranties of the Authority contained in this Purchase Contract and the due performance or satisfaction by the Authority at or prior to such time of all covenants and agreements then to be performed and all conditions then to be satisfied by the Authority pursuant to this Purchase Contract.

(d) If on the Closing Date the Authority fails to deliver any of the certificates, documents or opinions listed in Paragraph 7(c) of this Purchase Contract or is otherwise unable to satisfy the conditions to the obligations of the Underwriters hereunder, this Purchase Contract shall terminate at the option of the Representative and neither party shall have any further obligations hereunder.

9. **Termination.** The Representative, on behalf of the Underwriters, may terminate this Purchase Contract, without liability therefor (evidenced by a written notice to the Authority terminating the obligation of the Underwriters to accept delivery of and make any payment for the Series 2017 Bonds and stating the reasons therefor), if at any time subsequent to the date of this Purchase Contract and prior. to the Closing:

(a) There shall occur any of the following which in such case, in the reasonable opinion of the Representative will materially adversely affect (1) the marketability or the market price of the Series 2017 Bonds at the initial offering prices set forth in the Official Statement or (2) the ability of the Underwriters to enforce contracts for the sale of the Series 2017 Bonds:

(i) there shall occur any change, or any development involving a prospective change, in or affecting the business, properties or financial condition of the Authority;

(ii) legislation shall have been enacted by the Congress of the United States, or introduced by amendment or otherwise in or passed by either House of the Congress, or recommended or endorsed to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress of the United States by any committee of such House to which such legislation has been referred for consideration, or recommended or endorsed for passage or presented for consideration by any member of any such committee or by the Treasury Department of the United States, the Internal Revenue Service, or the staff of the Joint Committee on Taxation of the Congress, or a decision shall have been rendered by a court of the United States, or the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement shall have been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, with respect to federal taxation of interest received on the Series 2017 Bonds or securities of the general character of the Series 2017 Bonds or which would have the effect of changing, directly or indirectly, the federal tax consequences of receipt of interest on the Series 2017 Bonds or securities of the general character of the Series 2017 Bonds in the hands of the owners thereof;

(iii) there shall have occurred a declaration of war by the United States, any new outbreak of hostilities, or any escalation of existing hostilities, or any other national or international calamity, crisis or event;

(iv) any underlying rating (without taking into account any credit support provided by a third party) of Series 2017 Bonds, or any other bonds, notes or other obligations of the Authority shall have been downgraded, suspended or withdrawn, or the possibility of such a downgrading, suspension or withdrawal shall have been publicly announced, by Moody's, S&P or Fitch; or

(v) any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, board, department or agency of the State of California or the United States, or a decision by any court of competent jurisdiction within the State of California or any court of the United States shall be rendered, affecting the Authority.

(b) There shall have occurred the declaration of a general banking moratorium by any authority of the United States or the State of New York or the State of California or a major financial crisis or a material disruption in commercial banking or securities settlement, payment or clearance services materially affecting the Series 2017 Bonds.

(c) There shall be in force a general suspension of trading on the New York Stock Exchange or other national securities exchange, or the New York Stock Exchange, other national securities exchange or any governmental authority shall impose, as to the Series 2017 Bonds or obligations of the general character of the Series 2017 Bonds, any material restrictions not in force or not being enforced, or a material increase of those now in force, with respect to the extension of credit by, or the charges to the net capital requirements of, the Underwriters as of the date hereof, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of any governmental authority having jurisdiction;

(d) An event occurs, or information becomes known, which, in the reasonable judgment of the Representative makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, in any such event, (i) the Authority refuses to permit the Official Statement to be supplemented to correct or supply such statement or information, or (ii) the effect of the Official Statement as so supplemented is, in the reasonable judgment of the Representative, to materially adversely affect the marketability or market price of the Series 2017 Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2017 Bonds to customers.

(e) Legislation shall be enacted, or a decision of a court of the United States shall be rendered or any action, including a stop-order, shall be taken by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter which, in the opinion of counsel to the Underwriters and Bond Counsel, has the effect of requiring the contemplated distribution of the Series 2017 Bonds to be registered under the Securities Act or the Securities Exchange Act of 1934, as amended, or the Subordinate Indenture to be qualified under the Trust Indenture Act, or that would make illegal the reoffering, issuance or sale of the Series 2017 Bonds or beneficial interests therein.

10. **Expenses**.

(a) The Underwriters shall be under no obligation to pay and the Authority shall pay or cause to be paid the expenses incident to the performance of its obligations hereunder including but not limited to (i) the cost of the preparation, printing, or other reproduction (for distribution on or prior to the date hereof), and delivery of the Subordinate Indenture; (ii) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Feasibility Consultant, the Independent Auditors and the Subordinate Trustee, and any other experts or consultants retained by the Authority; (iii) the cost of preparation and printing and signing of the Series 2017 Bonds and the registration of the Series 2017 Bonds; (iv) the cost of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements or amendments thereto; (v) charges of rating agencies for the ratings of the Series 2017 Bonds; and (vi) all other costs connected to issuance of the Series 2017 Bonds except costs specifically described in Paragraph 9(b) below.

(b) The Underwriters shall pay (i) the cost of preparation and printing of the Blue Sky memorandum to be used by them and the cost, if any, of printing of this Purchase Contract; (ii) all advertising expenses incurred by them in connection with the public offering of the Series 2017 Bonds; (iii) the fees and disbursements of Underwriters• Counsel; and (iv) all other expenses incurred by them in connection with their public offering and distribution of the Series 2017 Bonds.

11. **Notices**. Any notice or other communication to be given to the Authority under this Purchase Contract (other than the acceptance hereof as specified in Paragraph 1 hereof) may be given by delivering the same in writing to the San Diego County Regional Airport Authority, 3225 North Harbor Drive, 3rd Floor, San Diego, California 92101, Attention: Executive Director; any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Ira Smelkinson.

12. **Governing Law**. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California.

13. **Parties in Interest**. This Purchase Contract when accepted by the Authority in writing as heretofore specified shall constitute the entire agreement between the Authority and the Underwriters and is made solely for the benefit of the Authority and the Underwriters. No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriters, (b) delivery of and payment for the Series 2017 Bonds hereunder, and (c) any termination of this Purchase Contract.

14. **Headings**. The headings of the Paragraphs of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

15. **Effectiveness**. This Purchase Contract shall become effective upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable at the time of such acceptance.

16. **Counterparts.** This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

THE UNDERWRITERS:

MORGAN STANLEY & CO. LLC
JEFFRIES LLC
BACKSTROM MCCARLEY BERRY & CO., LLC
CITIGROUP GLOBAL MARKETS INC.
RBC CAPITAL MARKETS, LLC
SIEBERT CISNEROS SHANK & CO., L.L.C.

By: MORGAN STANLEY & CO. LLC, as Representative of the Underwriters

By ____________________________________

The foregoing is hereby agreed to and accepted as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ____________________________________
Vice President, Finance & Asset Management and Treasurer

APPROVED AS TO FORM:

By ____________________________________
General Counsel
San Diego County Regional Airport Authority

[Signature page to Purchase Contract]

SCHEDULE I

$______________
San Diego County Regional Airport Authority
Subordinate Airport Revenue Bonds
Series 2017A

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price
	$	%	%	

$____________
San Diego County Regional Airport Authority
Subordinate Airport Revenue Bonds
Series 2017B

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price
	$	%	%	

REDEMPTION PROVISIONS

Optional Redemption. The Series 2017A Bonds maturing on or before July 1, 20__ are not subject to optional redemption prior to maturity. The Series 2017A Bonds maturing on or after July 1, 20___ are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20___ at a redemption price equal to 100% of the principal amount of the Series 2017A Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

The Series 2017B Bonds maturing on or before July 1, 20__ are not subject to optional redemption prior to maturity. The Series 2017B Bonds maturing on or after July 1, 20___ are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20___ at a redemption price equal to 100% of the principal amount of the Series 2017B Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2017A Bonds maturing on July 1, 20___ (the "Series 2017A Term Bonds") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

* Final Maturity.

The Series 2017B Bonds maturing on July 1, 20___ (the "Series 2017B Term Bonds," and together with the Series 2017A Term Bonds," the "Series 2017 Term Bonds") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

* Final Maturity.

EXHIBIT A
FORM OF DISCLOSURE COUNSEL'S OPINION

[Closing Date]

San Diego County Regional Airport Authority
San Diego, California

Morgan Stanley & Co. LLC, as Representative of the Underwriters

$__________	$________
San Diego County	San Diego County
Regional Airport Authority	Regional Airport Authority
Subordinate Airport Revenue Bonds	Subordinate Airport Revenue Bonds
Series 2017A	Series 2017B
(Non-AMT)	(AMT)

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the San Diego County Regional Airport Authority (the "Authority") in connection with the issuance and sale by the Authority of $__________ aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A (the "Series 2017A Bonds") and $________ aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017B (the "Series 2017B Bonds," and together with the Series 2017A Bonds, the "Series 2017 Bonds"). In that connection, we have reviewed a printed copy of the Official Statement of the Authority, dated ______ __, 2017, with respect to the Series 2017 Bonds (the "Official Statement"). We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Official Statement.

In our capacity as Disclosure Counsel, we have participated with you and other parties in the preparation of the Official Statement. In the course of such participation, we have generally reviewed information furnished to us by, and have participated in conferences with, representatives of the Authority; the General Counsel of the Authority; Frasca & Associates, L.L.C., the Authority's municipal advisor; Unison Consulting, Inc., the Feasibility Consultant; Morgan Stanley & Co. LLC, Jeffries & Company, Inc., Backstrom McCarley Berry & Co., LLC, Citigroup Global Markets, Inc., RBC Capital Markets, LLC and Siebert Cisneros Shank & Co., L.L.C., the underwriters of the Series 2017 Bonds (the "Underwriters"); and Stradling Yocca Carlson & Rauth, a Professional Corporation counsel to the Underwriters; We have also reviewed the documents, certificates and opinions delivered this date related to the issuance of the Series 2017 Bonds, other documents and records relating to the authorization, issuance, delivery and sale of the Series 2017 Bonds and certain other files, records and documents of the Authority. In addition, we have relied upon, and assumed the correctness of, the certificates of the officials of the Authority and upon certain documents, opinions and letters.

Based solely on the foregoing, we advise you that although we have made no independent investigation or verification of the accuracy, correctness, fairness or completeness of, and do not pass upon or assume any responsibility for the accuracy, correctness, fairness or completeness of, the statements included in the Official Statement, during the course of the activities described in the preceding paragraph no information carne to the attention of the attorneys in our firm rendering legal services in connection with the issuance and delivery of the Series 2017 Bonds which causes us to believe that the Official Statement, as of its date and as of the date hereof (except for any information under the captions "UNDERWRITING," "APPENDIX A-FINANCIAL FEASIBILITY REPORT," "APPENDIX B-AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2016" and "APPENDIX F-BOOK-ENTRY-ONLY SYSTEM," any CUSIP numbers, financial statements, financial, accounting, statistical, economic, engineering, demographic or tabular data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion included in the Official Statement, or any information about DTC and its book-entry system included or referred to therein, which we expressly exclude from the scope of this letter and as to which we express no opinion or view), contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The scope of our engagement has not and does not extend beyond the examinations and the rendering of the opinions expressed herein. Our engagement with respect to the transaction referred to herein terminates upon the date of this letter. No attorney-client relationship has existed or exists between our film and any of the Underwriters in connection with the Series 2017 Bonds or by virtue of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in current laws, by legislative or regulatory action, by judicial decision or for any other reason. This letter is based solely upon existing laws, regulations, rulings and judicial decisions. We express no opinion as of any subsequent date or with respect to any pending legislation. No person (including, but in no way by limitation, the registered and beneficial owners of the Series 2017 Bonds) other than the addressees of this letter, may rely upon this letter without our express prior written consent. This letter may not be utilized by the addressees for any other purpose whatsoever and may not be quoted by such addressees without our express prior written consent.

Very truly yours,

EXHIBIT B
FORM OF AUTHORITY COUNSEL'S OPINION

[Closing Date]

San Diego County Regional Airport Authority
San Diego, California

Morgan Stanley & Co. LLC, as Representative of the Underwriters

Re: San Diego County Regional Airport Authority
Subordinate Airport Revenue Bonds, Series 2017A
Subordinate Airport Revenue Bonds, Series 2017B

Ladies and Gentlemen:

I am General Counsel to the San Diego County Regional Airport Authority (the "Authority") and have served as such in connection with the issuance, sale and delivery of its San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A (the "Series 2017A Bonds") and San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017B (the Series 2017B Bonds," and together with the Series 2017A Bonds, the "Series 2017 Bonds"). The Series 2017 Bonds are being issued pursuant to the San Diego County Regional Airport Authority Act (Section 170000 et seq. of the California Public Utilities Code) (the "Act"); the Revenue Bond Law of 1941 Chapter 6 (commencing with Section 54300) of Part l of Division 2 of Title *5* of the California Government Code, excluding Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title *5* of the California Government Code and the limitations set forth in California Government Code Section 54402(b), which do not apply to the issuance and sale of bonds pursuant to the Act; the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "Subordinate Trustee"); and the Fifth Supplemental Trust Indenture, dated as of August 1, 2017 (the "Fifth Supplemental Subordinate Indenture," and together with the Master Subordinate Indenture, the "Subordinate Indenture"), by and between the Authority and the Subordinate Trustee.

In connection with such advice, I have examined copies of the Subordinate Indenture; the Purchase Contract, dated [________], 2017 (the "Purchase Contract"), between Morgan Stanley & Co. LLC, as Representative of the Underwriters, and the Authority; the Continuing Disclosure Certificate, dated August __, 2017 (the "Disclosure Certificate"), executed by the Authority; and the Tax Compliance Certificate, dated August __, 2017, with respect to the Series 2017 Bonds (the "Tax Certificate") executed by the Authority. The Subordinate Indenture, the Purchase Contract, the Disclosure Certificate and the Tax Certificate are collectively referred to herein as the "Legal Documents." Additionally, I have reviewed a certified copy of Resolution No. 2017-___, adopted by the board of directors of the Authority (the "Board") on July 6, 2017 (the "Bond Resolution'') and a certified copy of Resolution No. 2017-[_____], adopted by the Board on July 6, 2017 (the "PFC Resolution")]]. In connection with the delivery of the opinion in numbered paragraph 3 below, I have reviewed my records and consulted with the other attorneys in my office, the President and CEO, and the Vice President, Finance and Asset Management and Treasurer.

All capitalized terms not defined herein shall have the respective meanings ascribed thereto in the Purchase Contract.

Based upon such examination and considerations of law and fact as I have deemed necessary for the purpose of the opinions expressed herein, I am of the opinion that:

1. The Authority is a local governmental entity of regional government duly organized, validly existing and in good standing under the Act and the laws of the State of California.

2. The Bond Resolution and the PFC Resolution were duly adopted at a meeting of the Board which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout. ·

3. Except as disclosed in the Official Statement, to the best of my knowledge there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the Authority, which would materially and adversely impact the Authority's ability to complete the transactions described in and contemplated by the Preliminary Official Statement and the Official Statement, to restrain or enjoin the payments of debt service on the Series 2017 Bonds from Subordinate Net Revenues (as defined in the Subordinate Indenture) or in any way contesting or affecting the validity of the Legal Documents, the Bond Resolution, the PFC Resolution or the Series 2017 Bonds.

4. The execution and delivery of the Legal Documents, the adoption of the Bond Resolution and the PFC Resolution and the approval of the Preliminary Official Statement and the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach· of or default under any agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject.

5. The Legal Documents, have been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the other parties thereto constitute legal, valid and binding agreements of the Authority enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against local government entities in the State of California.

6. No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California, other than the Board, is required for the valid authorization, execution and delivery of the Legal Documents, and the approval of the Preliminary Official Statement and the Official Statement.

7. Based upon examinations which I have made and my discussions in conferences with certain officials of the Authority and others with respect to the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (including the Appendices attached thereto), nothing has come to my attention which would lead me to believe that the Official Statement (other than financial and

statistical data therein and incorporated therein by reference, and other than information relating to DTC, the Book-Entry System or information provided by the Underwriters or the Feasibility Consultant for inclusion in the Official Statement, as to which no opinion is expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. ·

This opinion is given in an official capacity and not personally and no personal liability shall derive therefrom.

The use of the term "to the best of my knowledge" or similar phrases to qualify a statement in this Opinion means I do not have current actual knowledge that the statement is inaccurate. ·

This letter is for the sole benefit of the addressees in connection with the sale of the Series 2017 Bonds and is not to be used, circulated, quoted or otherwise referred to for any purpose. No other person may rely on this letter without my prior written consent. I do not undertake, and expressly disclaim, any obligation to amend or supplement this opinion as facts and circumstances come to my attention, or changes in law occur, after the date hereof which could affect such opinion.

Very truly yours,

EXHIBIT C

FORM OF CERTIFICATE OF THE FEASIBILITY CONSULTANT

The undersigned authorized representative of Unison Consulting, Inc. (the "Feasibility Consultant") hereby certifies that:

1. This Certificate is furnished pursuant to Paragraph 7(c)(xiv) of the Purchase Contract, dated ________ __, 2017, by and between Morgan Stanley & Co. LLC, as representative of the underwriters named therein (the "Underwriters"), and the San Diego County Regional Airport Authority (the ''Authority"), relating to the sale by the Authority of $________ aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A (the "Series 2017A Bonds") and $_________ aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017B (the "Series 2017B Bonds," and together with the Series 2017A Bonds, the "Series 2017 Bonds"), as more fully described in the Preliminary Official Statement of the Authority, dated _______ __, 2017 (the "Preliminary Official Statement") and the Official Statement of the Authority, dated _______ __, 2017 (the "Official Statement"), prepared in connection with the sale of said Series 2017 Bonds.

2. The Feasibility Consultant has been retained by the Authority as its independent consultant to prepare the Financial Feasibility Report (the "Report"), included as Appendix A to the Preliminary Official Statement and the Official Statement, and consent is hereby given to the references to the Feasibility Consultant on the masthead page and under the captions "INTRODUCTION-Financial Feasibility Report," "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS-Additional Subordinate Obligations," "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2017 BONDS-Use of PFCs to Pay Debt Service," "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE - Future Financings," "FINANCIAL FEASIBILITY REPORT" and "CERTAIN INVESTMENT CONSIDERATIONS- Financial Feasibility Report" in the Preliminary Official Statement and the Official Statement and to the inclusion of the Report in Appendix A to the Preliminary Official Statement and the Official Statement.

3. In connection with the preparation of the Report, personnel for the Feasibility Consultant have participated in certain meetings and conference calls with representatives of the Authority, the Authority's Bond Counsel and Disclosure Counsel, the Authority's Municipal Advisor, the Underwriters for the Series 2017 Bonds and their counsel with respect to the issuance of the Series 2017 Bonds. Nothing has come to the attention of the Feasibility Consultant in relation to the preparation of the Report that would cause them to believe the Report was, as of its date or as of the date hereof, or any of the statements in the Preliminary Official Statement and the Official Statement specifically attributed to the Feasibility Consultant were, as of the date of the Preliminary Official Statement or as of the date of the Official Statement, or as of the date hereof, inaccurate in any material respect.

4. This Certificate is solely for the information of, and assistance to, the Authority, its Disclosure Counsel and the Underwriters in conducting and documenting their investigation of the matters covered by the Report in connection with the offering pursuant to the Preliminary Official Statement and the Official Statement of the Series 2017 Bonds, and is not to be used, circulated, quoted or otherwise referred to within or without the underwriting group for any other purpose, including but not limited to the purchase or sale of securities (other than the Series 2017 Bonds), nor

is it to be referred to in whole or in part in any other document (other than the Preliminary Official Statement of the Official Statement), except that reference may be made to it in the documents related to the Series 2017 Bonds. The Feasibility Consultant acknowledges and agrees that this Certificate will become part of the transcript related to the Series 2017 Bonds and will be publicly available.

IN WITNESS WHEREOF, the undersigned has executed this certificate this __ day of _________, 2017.

UNISON CONSULTING, INC.

By:______________________________

Title: ____________________________

EXHIBIT D

ISSUE PRICE CERTIFICATE

ATTACHMENT 4

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Certificate") is executed and delivered by the San Diego County Regional Airport Authority (the "Authority") in connection with the issuance of its San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A (the "Subordinate Series 2017A Bonds"), and San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017B (the "Subordinate Series 2017B Bonds," and together with the Subordinate Series 2017A Bonds, the "Subordinate Series 2017 Bonds"). The Subordinate Series 2017 Bonds are being issued pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "Subordinate Trustee"), and the Fifth Supplemental Subordinate Trust Indenture, dated as of August 1, 2017 (the "Fifth Supplemental Subordinate Indenture," and collectively with the Master Subordinate Indenture and all supplements thereto, the "Subordinate Indenture"), by and between the Authority and the Subordinate Trustee. Additionally, the Subordinate Series 2017 Bonds have been authorized by Resolution No. 2017-____ adopted by the board of directors of the Authority on July 6, 2017 (the "Resolution"). The Subordinate Series 2017 Bonds are being issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "Act"), and in accordance with Revenue Bond Law of 1941 Chapter 6 (commencing with §54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with §54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in California Government Code §54402(b), which shall not apply to the issuance and sale of bonds pursuant to the Act.

In consideration of the purchase of the Subordinate Series 2017 Bonds by the Participating Underwriter (as defined below), the Authority covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Subordinate Series 2017 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

Section 2. Definitions. In addition to the definitions set forth in the Subordinate Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 hereof.

"*Beneficial Owner*" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Subordinate Series 2017 Bonds (including persons holding Subordinate Series 2017 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Subordinate Series 2017 Bonds for federal income tax purposes.

"*Dissemination Agent*" means the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"*EMMA System*" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*Holders*" means either the registered owners of the Subordinate Series 2017 Bonds, or if the Subordinate Series 2017 Bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

"*Listed Events*" means any of the events listed in Sections 5(a) and 5(b) hereof.

"*MSRB*" means the Municipal Securities Rulemaking Board, or any successor thereto.

"*Obligated Person*" means the Authority and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Revenues of the Airport System for the prior two Fiscal Years of the Authority. At the time of issuance of the Subordinate Series 2017 Bonds, the Authority is the only Obligated Person.

"*Official Statement*" means the Official Statement, dated July ___, 2017, prepared and distributed in connection with the initial sale of the Subordinate Series 2017 Bonds.

"*Participating Underwriter*" means any of the original underwriters of the Subordinate Series 2017 Bonds required to comply with the Rule in connection with the offering of the Subordinate Series 2017 Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State*" means the State of California.

Section 3. Provision of Annual Reports.

(a) The Authority shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 181 days after the end of the Authority's fiscal year in each fiscal year. The Authority's first Annual Report shall be due December 28, 2018. Not later than 15 Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof. The audited financial statements of the Authority may be submitted separately from the balance of the Annual Report if they are not available by the date of submission, provided such financial statements are submitted within 210 days after the end of the Authority's fiscal year. If the Authority's fiscal year changes, the Authority, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Authority is unable to provide to the MSRB or the Dissemination Agent (if other than the Authority), an Annual Report by the date required in subsection (a), the Authority shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (if other than the Authority) shall confirm in writing to the Authority that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The Authority's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Subordinate Series 2017 Bonds, unless otherwise noted):

(i) Audited financial statements of the Authority, updated to incorporate information for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Authority, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(ii) Outstanding principal amounts of the Senior Bonds (including the Senior Series 2013 Bonds) and the Subordinate Obligations (including the Subordinate Series 2017 Bonds, the Subordinate Series 2010 Bonds, the Subordinate Revolving Obligations and the Subordinate Drawdown Bonds);

(iii) Table 4 — San Diego County Regional Airport Authority, Future Rental Commitments;

(iv) Table 5 — San Diego International Airport, Air Carriers Serving San Diego International Airport;

(v) Table 6 — San Diego International Airport, Total Enplanements and Deplanements;

(vi) Table 7 — San Diego International Airport, Revenue Operations;

(vii) Table 8 — San Diego International Airport, Historical Enplaned and Deplaned Freight and U.S. Mail Cargo;

(viii) Table 9 — San Diego International Airport, Enplanements by Air Carriers;

(ix) Table 10 — San Diego International Airport, Total Revenue Landed Weight;

(x) Table 12 — San Diego County Regional Airport Authority, Investments;

(xi) Table 13 — San Diego County Regional Airport Authority, Statements of Revenues, Expenses and Change in Net Position;

(xii) Table 14 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Providers;

(xiii) Table 15 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Sources;

(xiv) Table 16 — San Diego County Regional Airport Authority, Historical Senior and Subordinate Debt Service Coverage;

(xv) Table 17 — San Diego International Airport, Airline Derived Revenue Per Passenger;

(xvi) Table 21 — San Diego County Regional Airport Authority, Approved PFC Applications; and

(xvii) Table 22 — San Diego County Regional Airport Authority, Annual Receipt of PFCs;

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2017 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Subordinate Series 2017 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 the Subordinate Series 2017 Bonds;

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note: for the purposes of the event identified in subparagraph (9), 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.

(b) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2017 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Subordinate Series 2017 Bonds or other material events affecting the tax status of the Subordinate Series 2017 Bonds;

2. Modifications to rights of the Beneficial Owners or Holders of the Subordinate Series 2017 Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Subordinate Series 2017 Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee;

(c) The Authority shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the

Listed Event described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Beneficial Owners and Holders of the affected Subordinate Series 2017 Bonds pursuant to the Subordinate Indenture.

Section 6. Termination of Reporting Obligation. The Authority's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Subordinate Series 2017 Bonds, or upon delivery to the Dissemination Agent (if other than the Authority) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Subordinate Series 2017 Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. From time to time, the Authority may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Authority) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys' fees). The Dissemination Agent (if other than the Authority) shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the Authority may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an Obligated Person with respect to the Subordinate Series 2017 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Subordinate Series 2017 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Subordinate Series 2017 Bonds in the same manner as provided in the Subordinate Indenture for amendments to the Subordinate Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Subordinate Series 2017 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Subordinate Series 2017 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Dissemination Agent (if other than the Authority), as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Subordinate Indenture and the sole remedy under this Certificate in the event of any failure of the Authority or the Dissemination Agent (if other than the Authority) to comply with this Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are expressly and specifically set forth in this Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the Subordinate Indenture. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Subordinate Series 2017 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and the Holders and

Beneficial Owners from time to time of the Subordinate Series 2017 Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Certificate this ____ day of August, 2017.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ____
Name: _____________________________________
Title: ______________________________________

Approved as to form:

By __________________________________
Amy Gonzalez
General Counsel

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	San Diego County Regional Airport Authority
Name of Bond Issue:	Subordinate Airport Revenue Bonds, Series 2017A
	Subordinate Airport Revenue Bonds, Series 2017B
Date of Issuance:	August ___, 2017
CUSIP:	79739G____

NOTICE IS HEREBY GIVEN that the San Diego County Regional Airport Authority (the "Authority") has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated August ___, 2017, executed by the Authority for the benefit of the holders and beneficial owners of the above referenced bonds. The Authority anticipates that the Annual Report will be filed by _________, 20__.

Dated:___________________

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By: ____
Authorized Representative

San Diego County Regional Airport Authority

Subordinate Airport Revenue Bonds Series 2017A (Non-AMT)
Subordinate Airport Revenue Bonds Series 2017B (AMT)

Executive Finance Committee
June 26, 2017

Presented by:
John Dillon
Director, Business & Financial Management

Introduction

In July 2017, the Authority plans to sell subordinate lien General Airport Revenue Bonds (GARBs) to fund the Parking Plaza, FIS and certain other projects and to refund a portion of the outstanding subordinate Revolving obligations .

Staff is seeking Board Approval to issue up to $400 million of Subordinate GARB Bonds, irrevocably commit $10 million of PFC's in FY 2018 to debt service and adopt a reimbursement resolution.

SAN DIEGO
INTERNATIONAL AIRPORT.
LET'S GO.

Debt Profile**

(as at July 2, 2017)

Series	Lien	Par ($M)	Term	Coupons	Tax Status
Outstanding Debt					
2010A	Subordinate	285.645	2014-2040	4.00-5.00%	Non-AMT
2010B	Subordinate	35.985	2013-2040	3.00-5.00%	Non-AMT
2010C	Subordinate	215.360	2031-2040	6.628%*	TX BABs
2013A	Senior	101.600	2015-2043	3.00-5.00%	Non-AMT
2013B	Senior	271.710	2015-2043	3.00-5.00%	AMT
Revolving Obligations	Subordinate	58.998	2017-2030	Variable***	AMT/Non-AMT & Taxable
Total		**$969.298**			

* 4.47% net of the federal BABs subsidy adjusted for Sequestration

** 2014 Special Facility Bonds not listed

*** Currently approximately 1.23% for AMT/Non-AMT & 1.68% for taxable

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Plan of Finance

- **The 2017 Bonds will fund the following projects:**

2017A Project Description	Total ($ M)
Parking Plaza	$127.0
Rehabilitate Cross Taxiways (B - C)	12.2
Rehabilitate North Side Vehicle Service Road & Storm Drain Improvements	12.2
Relocate Taxiway B (Object Free Area)	7.6
Observation Area at Palm Street	3.0
Total	**$162.0**
2017 B Project Description	**Total**
T2W FIS Build-Out	$149.0
HVAC Modernization	10.0
Total	**$159.0**
Total	**$321.0**

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Plan of Finance

Sources of Funds:*	
Series 2017 Bonds	$313.8
Premium	32.9
Total Sources	**$346.7**
Uses of Funds:*	
Project Fund Deposit	289.0
Repayment of Subordinate Revolving Obligations	32.0
Debt Service Reserve Fund Deposit	20.3
Capitalized Interest Fund Deposit	2.1
Costs of Issuance	3.3
Total Uses	**$346.7**

*Preliminary; $'s in millions

SAN DIEGO
INTERNATIONAL AIRPORT
LET'S GO.

Projected Debt Profile**

Series	Lien	Par ($M)	Term	Coupons	Tax Status
Outstanding Debt					
2010A	Subordinate	$285.645	2014-2040	4.00-5.00%	Non-AMT
2010B	Subordinate	35.985	2013-2040	3.00-5.00%	Non-AMT
2010C	Subordinate	215.360	2031-2040	6.628%*	TX BABs
2013A	Subordinate	101.600	2015-2043	3.00-5.00%	Non-AMT
2013B	Subordinate	271.710	2015-2043	3.00-5.00%	AMT
Revolving Obligations	Subordinate	26.448	2017-2030	Variable***	Non-AMT & Tax
Estimated July Issuance					
2017A	Subordinate	$157.030	2018-2047	3.00-5.00%	Non-AMT
2017B	Subordinate	156.850	2018-2047	3.00-5.00%	AMT
Total after Issuance		**$1,250.628**			

After the 2017 GARB issue, SAN will have approximately $120 of debt/EPAX

* 4.47% net of the federal BABs subsidy adjusted for Sequestration

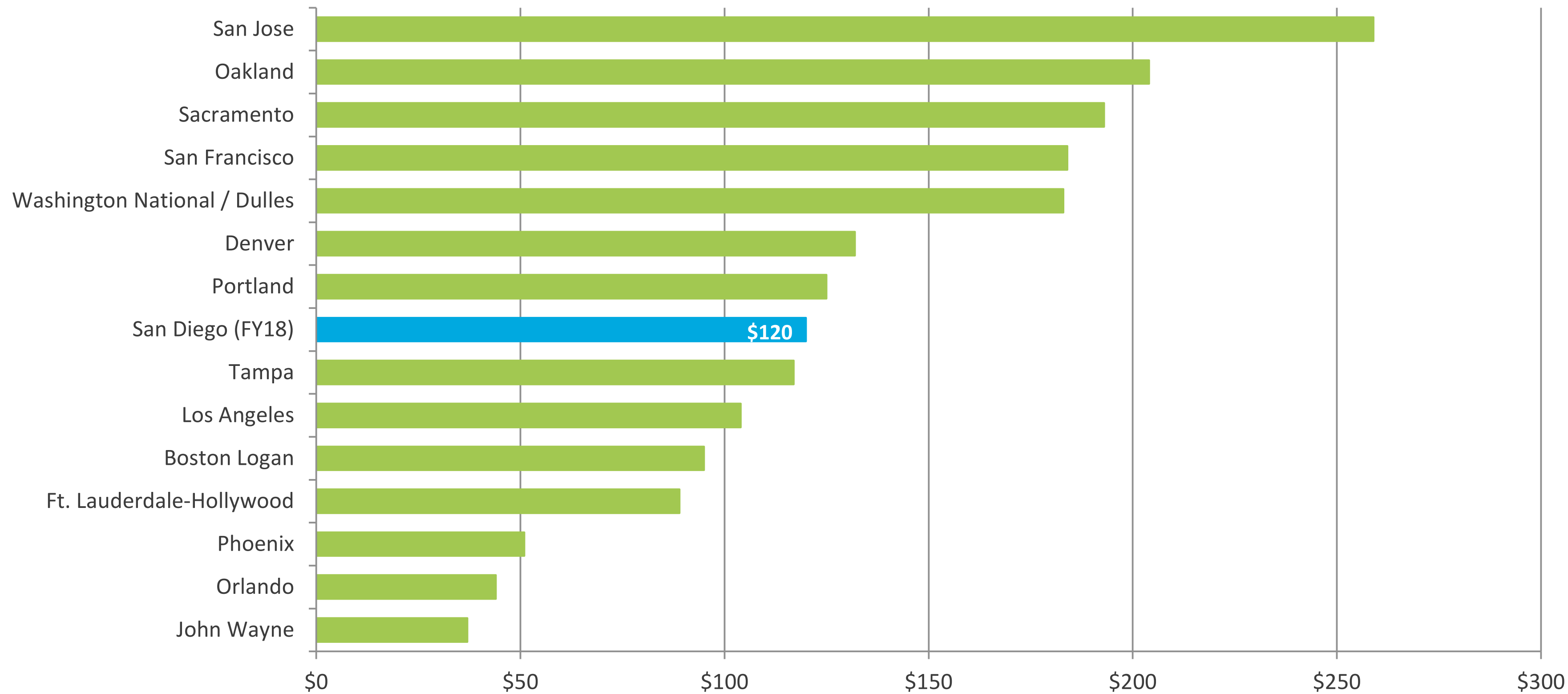
** 2014 Special Facility Bonds not listed

*** Currently approximately 1.23% for AMT/Non-AMT & 1.68% for taxable

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Airport Debt Per Enplanement

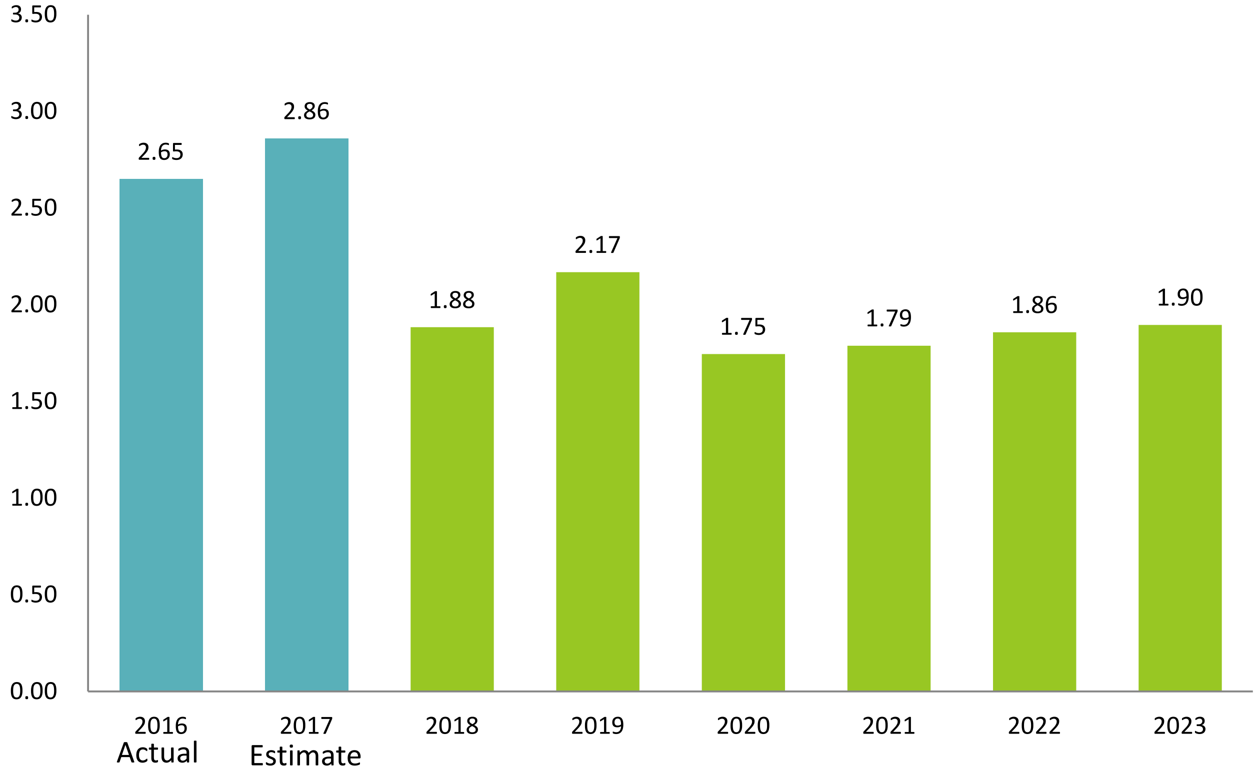
by Select Airports



SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

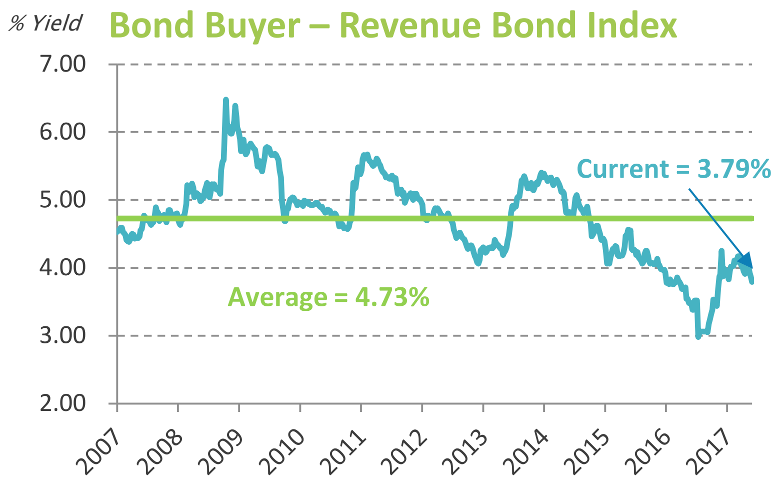
Source: Moody's Investor Service, MFRA Database, as of April 2017. Peer Airports data as of FY 2015.

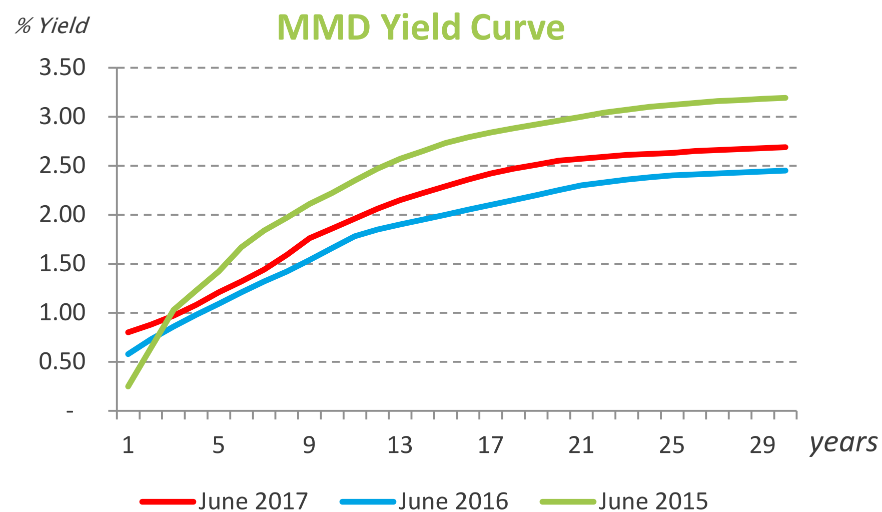
Historic and Projected Debt Service Coverage



Favorable Current Market Conditions

- Long term borrowing rates are well below 10-year averages
- The yield curve has flattened slightly as interest rates at the short end of the curve have increased





Principal Documents of the GARB Sale

DOCUMENT	PURPOSE OF DOCUMENT
Resolutions	Authorizes the issuance of the Series 2017 GARBs, approves the bond financing documents, irrevocably commits $10 million of PFCs to debt service in FY 18 and approves the reimbursement resolution
Supplemental Indenture	Supplements the Master Subordinate Indenture[1] by presenting the specific terms and features of the Series 2017 GARBs
Feasibility Report	Provides an independent forecast of traffic, revenues and expenses, and determines the sufficiency of net revenues to repay the GARBs

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

[1] This Master Subordinate Indenture is the financing document that sets forth the general terms of the Authority's pledge of Subordinate Net Revenues and provides for the terms and conditions upon which subordinate lien airport revenue obligations may be issued by the Authority

Principal Documents of the GARB Sale

DOCUMENT	PURPOSE OF DOCUMENT
Official Statement (Preliminary & Final)	Discloses to investors information about the GARBs, the projects being financed with GARB proceeds and the Authority's activities and financial condition
Bond Purchase Contract	Commits the Underwriters to purchase the bonds from the Authority, and the Authority to sell the bonds to the Underwriters at the publicly offered prices
Continuing Disclosure Certificate	Sets forth the Authority's obligation to provide updated financial and operational information and notices of certain material events (as and if they occur) annually to securities information repositories

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

The Authority's Team

ROLE	FIRM	PRINCIPAL TASKS
Bond/ Disclosure Counsel	***Kutak Rock***	• **Prepares Indentures and Resolutions, and provides Validity and Tax Opinions** • **Prepares Official Statement and provides 10(b)5 ("no material omission") opinion**
Financial Advisor	***Frasca & Associates***	• **Provides financial analysis, prepares Rating Agency materials, negotiates with Underwriters**
Feasibility Consultant	***Unison Consulting***	• **Prepares Report appended to the Official Statement that forecasts traffic and projects net revenues over the next five years in order to satisfy the "Additional Bonds Test" and the "Rate Covenant"**

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

The Authority's Team

ROLE	FIRM	PRINCIPAL TASKS
Underwriters	***Morgan Stanley*** *(Senior Manager)* ***Jefferies*** *(Co-Senior)* ***Backstrom McCarley Berry & Co., LLC*** ***Citigroup*** ***RBC Capital Markets*** ***Siebert Cisneros Shank & Co***	• **Price and distribute Bonds to investors**
Underwriters' Counsel	***Stradling Yocca Carlson & Rauth***	• **Prepares Bond Purchase Contract and documents related to the underwriters**
Trustee Bank	***US Bank***	• **Holds funds that are pledged to Subordinate Bondholders and takes action on their behalf**

SAN DIEGO INTERNATIONAL AIRPORT.
LET'S GO.

Preliminary Timeline

DATE	EVENT	RESPONSIBLE PARTY
6/26/17	Finance Committee Meeting to Forward Item to Board	Finance Committee
6/19/17 & 6/26/17	Rating Agency Meetings	Authority Staff, Financial Advisor, Bond Counsel, Feasibility Consultant
7/6/17	Board Meeting to Approve Transaction	Authority Board
7/7/17	Due Diligence Meeting/Call	Authority Staff, Underwriters' Counsel, Underwriters, Bond Counsel
7/10/17	Receive Ratings & Post POS	Authority, Financial Advisor
7/10-Pricing	Marketing Period	Underwriters
w/o 7/17/17	Price Bonds	Underwriters
w/o 8/3/17	Closing & Delivery	Entire Team

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Staff's Request of the Finance Committee

Forward to Board and recommend approval:

- **Adopt Resolution No. 2017-XXXX, (1) Authorizing the issuance and sale of not-to-exceed $400 million in aggregate principal amount of one or more series of San Diego County Regional Airport Authority (the "Authority") Subordinate Airport Revenue Bonds and (2) Approving the forms of a Fifth Supplemental Subordinate Trust Indenture, Preliminary and Final Official Statements, a Bond Purchase Contract and a Continuing Disclosure Certificate, and certain related matters**
- **Adopt Resolution 2017-XXXX Authorizing the $10 million irrevocable commitment of PFCs in FY 2018 to the payment of debt service on the Authority's Senior and Subordinate Bonds**
- **Adopt Resolution 2017-XXXX Authorizing the establishment of a method for the Authority to make declarations of official intent in order to permit the Authority to reimburse itself and other parties for capital expenditures with proceeds of future taxable or tax exempt borrowings in accordance with internal revenue service reimbursement regulations.**

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Questions?

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

Item No.
6

EXECUTIVE COMMITTEE

Meeting Date: **JUNE 26, 2017**

Subject:

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

Recommendation:

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

Background/Justification:

Authority Policies 3.30 (2)(b) and (4)(b) require that business expenses reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

Authority Policy 3.40 (2)(b) and (3)(b) require that travel expense reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

The attached reports are being presented to comply with the requirements of Policies 3.30 and 3.40.

Fiscal Impact:

Funds for Business and Travel expenses are included in the FY 2016-2017 Budget.

Environmental Review:

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

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

Application of Inclusionary Policies:
Not applicable

Prepared by:

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

TRAVEL REQUEST

KIMBERLY J BECKER

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST

GENERAL INSTRUCTIONS:

A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER:

Travelers Name: Kimberly J. Becker Dept: 6

Position: ☐ Board Member ☑ President/CEO ☐ Gen. Counsel ☐ Chief Auditor

☐ All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 6/7/2017 PLANNED DATE OF DEPARTURE/RETURN: 9/24/17 / 9/27/17

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

Destination: Washington, DC

Purpose: Attend the San Diego Regional Chamber of Commerce Mission to Washington, DC

Explanation:

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:		
• AIRFARE	$	600.00
• OTHER TRANSPORTATION (Taxi, Train, Car Rental)	$	150.00
B. LODGING	$	1100.00
C. MEALS	$	200.00
D. SEMINAR AND CONFERENCE FEES	$	1300.00
E. ENTERTAINMENT (If applicable)	$	
F. OTHER INCIDENTAL EXPENSES	$	50.00
TOTAL PROJECTED TRAVEL EXPENSE	$	3400.00

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: Kimberly J Becker Date: 6/7/17

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: ______________________ Date: __________

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, ______________________, hereby certify that this document was approved
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)

by the Executive Committee at its ______________________ meeting.
(Leave blank and we will insert the meeting date.)

TRAVEL EXPENSE

KIMBERLY J BECKER

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
TRAVEL EXPENSE REPORT

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

TRAVELER: Kimberly J. Becker **DEPT. NAME & NO.** Executive Office/BU 6

DEPARTURE DATE: 5/23/2017 **RETURN DATE:** 5/24/2017 **REPORT DUE:** 6/23/17

DESTINATION: Los Angeles, CA - ACI-NA Airport Construction Strategy Summit

Please refer to the Authority Travel and Lodging Expense Reimbursement Policy, Article 3, Part 3.4, Section 3.40, outlining appropriate reimbursable expenses and approvals. Please attach all required supporting documentation. All receipts must be detailed, (credit card receipts do not provide sufficient detail). Any special items should be explained in the space provided below.

	Authority Expenses (Prepaid by Authority)	Employee Expenses							
		SUNDAY	MONDAY	TUESDAY 5/23/17	WEDNESDAY 5/24/17	THURSDAY	FRIDAY	SATURDAY	TOTALS
Air Fare, Railroad, Bus *(attach copy of itinerary w/charges)*									0.00
Conference Fees *(provide copy of flyer/registration expenses)*	$525.00								0.00
Rental Car*									0.00
Gas and Oil*									0.00
Garage/Parking*									0.00
Mileage - attach mileage form*				65.80	65.81				131.61
Taxi and/or Shuttle Fare *(include tips pd.)**									0.00
Hotel*				300.13					300.13
Telephone, Internet and Fax*									0.00
Laundry*									0.00
Tips - *separately paid (maids,bellhop,other hotel srvs.)*									0.00
Meals *(include tips pd.)* Breakfast*									0.00
Lunch*				25.21					25.21
Dinner*				49.21					49.21
Other Meals*									0.00
Alcohol is a non-reimbursable expense									
Hospitality [1] *									0.00
Miscellaneous:									0.00
									0.00
									0.00
**Provide detailed receipts*									0.00
Total Expenses prepaid by Authority	525.00	0.00	0.00	440.35	65.81	0.00	0.00	0.00	506.16

Explanation:

Total Expenses Prepaid by Authority	525.00
Total Expenses Incurred by Employee (including cash advances)	506.16
Grand Trip Total	1,031.16
Less Cash Advance (attach copy of Authority ck)	
Less Expenses Prepaid by Authority	525.00
Due Traveler (positive amount)[2]	
Due Authority (negative amount)[3]	506.16

Note: Send this report to Accounting even if the amount is $0.

[1]Give names and business affiliations of any persons whose meals were paid by traveler.
[2] Prepare Check Request
[3]Attach personal check payable to SDCRAA

I as traveler or administrator acknowledge that I have read, understand and agree to Authority policies 3.40 - Travel and Lodging Expense Reimbursement Policy[4] and 3.30 - Business Expense Reimbursement Policy[5] and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of travel expenses were incurred in connection with official Authority business and is true and correct.
[4] Travel and Lodging Expense Reimbursement Policy 3.40 [5] Business Expense Reimbursement Policy 3.30

Prepared By: Kim Ayers (Print/Type Name) Ext.: 2445

Traveler Signature: Kimberly J Becker Date: 5/30/17

Approved By: Date:

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

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

______ meeting.
(Leave blank and we will insert the meeting date.)

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

C:\Users\kayers\AppData\Roaming\OpenText\OTEdit\EC_ECMS\c13282932\ExpenseRpt-LosAngeles-KB

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

2017

MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT

EMPLOYEE NAME			PERIOD COVERED	
Kimberly J. Becker			5/23-5/24/'	
DEPARTMENT/DIVISION				
Executive Office/BU 6				
Date	**Miles driven**	**Destination and purpose of trip**	**Parking fees & other transportation costs paid**	**$$$**
5/23/17	123.00	SAN-Los Angeles		
5/24/17	123.00	Los Angeles-SAN		
SUBTOTAL	246.00		SUBTOTAL	

Computation of Reimbursement

			246.00
REIMBURSEMENT RATE: (see below) *	Rate as of January 2017	X	0.535
TOTAL MILEAGE REIMBURSEMENT			131.61
PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS)			-
TOTAL REIMBURSEMENT REQUESTED			$ 131.61

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

Kimberly J Becker

SIGNATURE OF EMPLOYEE

DEPT./DIV. HEAD APPROVAL

Google Maps 3225 North Harbor Drive, San Diego, CA to 251 S Olive St, Los Angeles, CA 90012 Drive 123 miles, 2 h 25 min

3225 N Harbor Dr

San Diego, CA 92101

Get on I-5 N from N Harbor Dr, W Laurel St and India St

10 min (3.0 mi)

1. Head west

33 ft

2. Turn left toward Airport Terminal Rd

262 ft

3. Turn right toward Airport Terminal Rd

0.1 mi

4. Turn left onto Airport Terminal Rd

358 ft

5. Slight left to stay on Airport Terminal Rd

0.1 mi

6. Continue straight

358 ft

7. Turn left onto N Harbor Dr

1.1 mi

8. Use the left 2 lanes to turn left onto W Laurel St

0.4 mi

9. Use the left 2 lanes to turn left onto India St

0.8 mi

10. Use the left 2 lanes to take the ramp onto I-5 N

0.3 mi

Follow I-5 N to Los Angeles. Take the Interstate 110 S exit from CA-110

1 h 54 min (119 mi)

11. Merge onto I-5 N

74.9 mi

12. Keep left at the fork to stay on I-5 N, follow signs for Santa Ana

39.4 mi

13. Keep left at the fork to continue on US-101 N, follow signs for Los Angeles N/Civic Center

3.6 mi

14. Use the right 2 lanes to take exit 3 for I-110 S/Harbor Fwy toward San Pedro

0.6 mi

15. Use the 2nd from the right lane to merge onto CA-110

0.2 mi

16. Use the 2nd from the right lane to take the Interstate 110 S exit toward 6th St/Wilshire Blvd/4th St/3rd St

400 ft

17. Use the 2nd from the right lane to follow signs for CA-110 S/Harbor Fwy

0.1 mi

18. Keep right to continue on Exit 23B, follow signs for Downtown/4th St and merge onto W 4th St

0.2 mi

Continue on W 4th St. Drive to S Olive St

2 min (0.5 mi)

19. Merge onto W 4th St

0.3 mi

20. Continue straight to stay on W 4th St

0.1 mi

21. Turn left onto S Olive St
Destination will be on the left

0.1 mi

251 S Olive St

Los Angeles, CA 90012

These directions are for planning purposes only. You may find that construction projects, traffic, weather, or other events may cause conditions to differ from the map results, and you should plan your route accordingly. You must obey all signs or notices regarding your route.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST

GENERAL INSTRUCTIONS:

A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

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

2. DATE OF REQUEST: 4/3/17 PLANNED DATE OF DEPARTURE/RETURN: 5/23/17 / 5/25/17

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip-- continue on extra sheets of paper as necessary):
Destination: Los Angeles, CA
Purpose: Attend ACI-NA Airport Construction Strategy Summit
Explanation:

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:		
• AIRFARE	$	
• OTHER TRANSPORTATION (Taxi, Train, Car Rental)	$	136.00
B. LODGING	$	600.00
C. MEALS	$	100.00
D. SEMINAR AND CONFERENCE FEES	$	685.00
E. ENTERTAINMENT (If applicable)	$	
F. OTHER INCIDENTAL EXPENSES	$	50.00
TOTAL PROJECTED TRAVEL EXPENSE	$	1571.00

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.
Travelers Signature: [signature] Date: 4.3.17

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).
By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: ______________________ Date: __________

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, Tony R. Russell, Authority Clerk, hereby certify that this document was approved
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)
by the Executive Committee at its 4-24-17 meeting.
(Leave blank and we will insert the meeting date.)

AIRPORTS COUNCIL INTERNATIONAL

April 26, 2017

Meeting Confirmation & Receipt

Please review your CONTACT information below as it will be used for rosters and badges. Any changes should be sent to meetings@aci-na.org immediately.

Please note: The company name listed is per your Official Representative to ACI-NA. No changes to Company name are permitted.

Ms. Kimberly J. Becker
President and CEO
Nickname: Kim
San Diego County Regional Airport Authority
San Diego International Airport
PO Box 82776
San Diego, CA 92138-2776

PH: [redacted]

EM: [redacted]

You are registered for the following:

2017 ACI-NA/ACC/AGC Airport Construction Strategy Summit
Tuesday, May 23, 2017 through Wednesday, May 24, 2017

Omni Los Angeles Hotel at California Plaza
251 South Olive St
Los Angeles, CA 90012

Function	Quantity	Rate	Amount
ACI-NA/ACC/AGC Member Registration Fee	1	$525.00	$525.00
		Total	$525.00
		Payment	$525.00
		Balance	$0.00

April 26, 2017

Meeting Confirmation & Receipt

Please review your <u>CONTACT</u> information below as it will be used for rosters and badges. Any changes should be sent to <u>meetings@aci-na.org</u> immediately.

<u>Please note: The company name listed is per your Official Representative to ACI-NA. No changes to Company name are permitted.</u>

Ms. Kimberly J. Becker
President and CEO
Nickname: Kim
San Diego County Regional Airport Authority
San Diego International Airport
PO Box 82776
San Diego, CA 92138-2776

PH: [redacted]

EM: [redacted]

You are registered for the following:

Function	Quantity	Rate	Amount

Thank you for registering for the 2017 ACI-NA/ACC/AGC Airport Construction Strategy Summit. The conference will be held at Omni Los Angeles Hotel at California Plaza, May 23-24 2017. The registration fee for the conference includes the welcome reception, food functions including breakfast, lunch, and breaks, and all educational materials. Dress for the meeting is business casual.

HOTEL RESERVATIONS
Call Omni Los Angeles Hotel at California Plaza directly at (213) 617-3300 to make your reservation. Be sure to identify yourself an ACI-NA conference attendee to receive the special group rate of $259 single/double occupancy, plus applicable tax. The last day to receive this rate is Friday, April 28, 2017. Rooms may sell out before this date so make your reservation early!

CANCELLATION POLICY
Cancellations must be submitted in writing to meetings@aci-na.org by Tuesday April 18 , 2017. Cancellations received by April 18, 2017 are eligible to receive a refund, less $100 processing fee. Refunds will be credited back to the original credit card used for payment. Refunds will be processed after the conclusion of the conference. No refunds or credits will be giving for cancellation notices received after the cancellation deadline date. No-shows are not eligible for refunds or credits. Substitutions are honored at any time.

We look forward to seeing you in Los Angeles, CA at the 2017 ACI-NA/ACC/AGC Airport Construction Strategy Summit.

OMNI HOTELS & RESORTS

los angeles

251 South Olive Street
Los Angeles, CA 90012
Phone: 213-617-3300 • Fax: 213-617-3399
Reservations: 800-843-6664

BECKER, KIMBERLY

PO BOX 82776
San Diego, CA 92138 US

Room Number: 1319
Daily Rate: 259.00
Room Type: KNPV
No. of Guests: 1 / 0

ARRIVAL	DEPARTURE	CREDIT CARD	RATE PLAN	CATEGORY	ACCOUNT
5/23/2017	5/24/2017	XXXXXXXXXXXX[redacted]	GNATL	GNATL	16901170423

DATE	ROOM NO.	DESCRIPTION	REFERENCE	AMOUNT
5/23/2017	1319	PRIVATE DINING	1319/2514/19:11/PRIVATE DINING	$49.21
5/23/2017	1319	ROOM CHARGE	#1319 BECKER, KIMBERLY	$259.00
5/23/2017	1319	OCCUPANCY TAX 14%	OCCUPANCY TAX 14%	$36.26
5/23/2017	1319	CITY TOURISM ASSESSMENT 1.50%	CITY TOURISM ASSESSMENT 1.50%	$3.89
5/23/2017	1319	STATE TOURISM ASSESSMENT 0.38%	STATE TOURISM ASSESSMENT 0.38%	$0.98
5/24/2017	1319	MASTER CARD	MASTER CARD	($349.34)

Receipt Att.

$300.13

TOTAL DUE: $0.00

TERMS: DUE AND PAYABLE UPON PRESENTATION. I AGREE THAT MY LIABILITY FOR THIS BILL IS NOT WAIVED AND AGREE TO BE HELD PERSONALLY LIABLE IN THE EVENT THAT THE INDICATED PERSON, COMPANY OR ASSOCIATION FAILS TO PAY FOR ANY PART OR THE FULL AMOUNT OF THESE CHARGES.

RECEIPTS FOR TRIP TO LOS ANGELES, CA
MAY 23-25, 2017 – KIMBERLY J. BECKER

```
CHECK:        2972
TABLE:        40/2
SERVER:       206 SANDRA
DATE:         MAY23'17 12:29PM
CARD TYPE:    Master Card
ACCT #:       XXXXXXXXXXXX[redacted]
EXP DATE:     XX/XX
AUTH CODE:    07605Z
        KIMBERLY BECKER

SUBTOTAL:             21.21

Gratuity   ____________________

Total      ____________________

Signature  ____________________
```

```
Grand Cafe @ Omni Los Angeles
(213) 356-4155 See you soon!!!!
***Try our Weekend Brunch***

206 SANDRA                          1
-------------------------------------
40/2             2972
          MAY23'17 11:33AM
-------------------------------------

  1 Iced Tea                     3.50
  1 Cobb Chix                   16.00

    Subtotal                    19.50
    Tax                          1.71
    Total Due                  $21.21

Gratuity  __________4 —______________

Total     __________25.21____________

Room No.  ___________________________

Print Name ___________________________

Signature  ___________________________
  (gratuity at your discretion)
  Grand Cafe @ Omni Los Angeles

  For your convenience we are
   providing the following
   gratuity calculations:

        15% is $3.18
        18% is $3.82
        20% is $4.24
```

LUNCH
5/23/17

```
     *** IN ROOM DINING ***
 VISIT OUR RESTAURANTS & LOUNGE
3RD FLOOR NOE LOUNGE OPEN AT 3PM
108 Laura
---------------------------------
1319/1         2514         GST
 1
       MAY23'17  6:42PM
---------------------------------
  1 Bolognese             28.00
  1 Diet coke              6.00
    Subtotal              34.00
    15.5% Srvc Chrg        5.27
    Tax                    3.44
    Total Due            $42.71

Gratuity  _________6 50_________

Total     _________49.21________

Room No.  ______________________

Print Name ______________________

Signature  ______________________
  15.5% Service Charge Included
     www.omniroomservice.com
```

DINNER
5/23/17

ACC

ACI NORTH AMERICA AIRPORTS COUNCIL INTERNATIONAL

AGC of America THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA Quality People. Quality Projects.

AIRPORT CONSTRUCTION STRATEGY SUMMIT: DELIVERING GREAT PROJECTS AT YOUR AIRPORT

May 23-24, 2017 • Omni at California Plaza • Los Angeles, California

Sponsors

C&S COMPANIES®

HILL Hill International

TSIB

JACOBS®

Tuesday, May 23, 2017

12:00pm – 5:00pm	**Registration**
1:00pm – 1:10pm	**Welcome and Introduction**
1:10pm – 2:30pm	**Defining the Spectrum of Project Delivery Options and their Implications for Your Project** *What are the alternatives to traditional project delivery methods and what problems are we trying to fix with them? In this session, get the latest information on what alternative delivery methods encompass and why these methods could be right (or wrong) for your next project.* **Speakers:** Mike Kenig, Vice Chairman, Holder Construction Geoff Neumayr, Chief Development Officer, San Francisco International Airport
2:30pm – 3:00pm	**Afternoon Break**
3:00pm-3:45pm	**Do Changes in DC Mean Anything for Airport Project Delivery?** *Infrastructure has been a central concern of the Trump Administration—both during last year's campaign season and during the Administrations first few months in office. How does the rhetoric match up with actions? What are the implications for capital program management and delivery?* **Moderator:** Matt Griffin, Director of Regulatory Affairs and Education, ACC **Speakers:** Jeff Shoaf, Senior Executive Director-Government Affairs, AGC Annie Russo, Vice President-Government Affairs, ACI-NA

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3:45pm – 5:00pm **Public-Private Partnerships and Project Delivery—What are the Benefits & Risks?**
Public-private partnerships, or P3s, are one method that airport operators—and other infrastructure providers—have turned to for large, complex projects in order to manage construction and project financing risks. In this session, we'll discuss when projects are ripe for a P3 and what you need to be aware of if you pursue one.

Moderator: Steve Morris, Jacobs

Speakers: Roger Johnson, Deputy Executive Director-Airports Development, Los Angeles World Airports

Jeff Shoaf, Senior Executive Director-Government Affairs, AGC

Matt Ross, Vice President, AvAirPros

5:15pm – 6:30pm **Summit Reception**

Wednesday, May 24, 2017

7:30am – 3:00pm **Registration**

7:30am – 8:30am **Continental Breakfast**

8:30am – 9:45am **Effective Project Delivery Leadership and Culture**
Great projects aren't built in a day and neither are great project teams. In this session, learn about what you can do to foster shared visions for success, effective project leadership and management, and an "ownership" culture on your projects.

Moderator: Ron Peckham, C&S Companies

Speakers: Bob Bolton, Director, Airport Design and Construction, San Diego County Regional Airport Authority

Dwight Pullen, Senior Vice President of Aviation, Skanska

Diego Rincon, Deputy Director of Aviation-Capital Development, Philadelphia International Airport

Frank Rucker, Assistant General Manager-Planning and Development, Hartsfield- Jackson Atlanta International Airport

9:45am – 10:30am **An Essential Asset—Strategies for Engaging DBEs in All Types of Project Delivery**
Alternative project delivery methods carry with them different sets of challenges and opportunities for airport disadvantaged business enterprises (DBEs). In this session, we'll discuss how owners, project teams, and their DBE partners can effectively work together to advance DBE program goals while at the same time realizing excellent project outcomes.

Moderator: Kaven Swan, HOK

Speakers: Priscilla Chavez, PCL Construction Services, Inc.

10:30am – 10:45am **Morning Break**

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10:45am – 12:00pm **Building the Case for Projects and Delivery Methods—Working with Your Key Stakeholders**
Long before design and construction begin, you have to justify your capital projects and their delivery methods to your Board, your airlines, your tenants, and even the communities that you serve. Join us for an interactive panel discussion about how to engage these parties successfully and move your capital projects forward.

Moderator: Peter Aarons, HNTB

Speakers: Robert Gilbert, Chief Development Officer, Los Angeles World Airports
Frank Miller, Executive Director, Burbank-Glendale-Pasadena Airport Authority
Hans Thilenius, Director, Corporate Real Estate-Design & Construction, United Airlines

12:00pm – 1:15pm. **Lunch**

1:15pm – 2:30pm **Turning Hard-Earned Lessons into Great Projects**
Change is inevitable during the project delivery. This session will explore when disruptive change has impacted projects and how the project teams navigated through the process to deliver great projects.

Moderator: Frank Giunta, Hill International

Speakers: Greg Campbell, Chief Airports Engineer, Los Angeles World Airports
Kevin Robins, Director of Engineering Salt Lake City Department of Airports
Richard Smyth, LaGuardia Airport Project Director, Port Authority of New York & New Jersey

2:30pm – 3:00pm **Afternoon Break**

3:00pm – 4:15pm **Project Delivery Roundtable**
Join a group of experienced capital program managers and designers for an interactive discussion of how project delivery challenges are being addressed in some of the most complex airport projects underway in the US today.

Moderator: Chris Oswald, ACI-NA

4:15pm – 4:45pm **What's Next for the Industry?**
Be part of charting the course for ACI-NA's, ACC's and AGC's future work in the area of airport capital project delivery in this concluding session.

Speakers: Mike Kenig, Vice Chairman, Holder Construction
Geoff Neumayr, Chief Development Officer, San Francisco International Airport

Thursday, May 25, 2017

7:30am – 11:00am **Tour at Los Angeles International Airport**
Early risers can join us for a tour of select projects and facilities at Los Angeles International Airport. A bus will leave from the airport lobby at 7:30 for a tour of recent terminal, airfield, and support facilities at the airport. The tour itself will commence at 9 am and will conclude by 11 am. Please note that transportation back to the hotel will not be provided following the tour. The tour will be available on a first-come, first-served basis to up to 25 participants. You can sign up for the tour during conference registration.

APRIL BOLING

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
TRAVEL EXPENSE REPORT - Board Members

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

Board member name: C. April Boling

Departure Date: 5/3/2017 **Return Date:** 5/7/2017 **Report Due:** 6/6/17

Destination: Zurich, Switzerland - Attend Night in San Diego Reception with Edelweiss

Please refer to the Authority Travel and Lodging Expense Reimbursement Policy, Article 3, Part 3.4, Section 3.40, outlining appropriate reimbursable expenses and approvals. Please attach all required supporting documentation. All receipts must be detailed, (credit card receipts do not provide sufficient detail). Any special items should be explained in the space provided below.

[5] Business Expense Reimbursement Policy 3.30 [4] Travel and Lodging Expense Reimbursement Policy 3.40

	Authority Expenses (Prepaid by Athty)	Board Member Expenses							
		SUNDAY 5/15/17	MONDAY	TUESDAY	WEDNESDAY 5/3/17	THURSDAY 5/4/17	FRIDAY 5/5/17	SATURDAY 5/6/17	TOTALS
Daily PerDiem Limitations:									
**GSA Daily Hotel Rate or Conference Hotel Rate						344.00	344.00	344.00	
**GSA Daily Meals, Entertainment & Incidentals (ME&I)						185.00	185.00	185.00	
Air Fare, Railroad, Bus *(attach copy of itinerary w/charges)*					1,300.33				1,300.33
Conference Fees *(provide copy of flyer/registration expenses)*									0.00
Rental Car									0.00
Gas and Oil									0.00
Garage/Parking									0.00
Mileage - attach mileage form									0.00
Taxi/Shuttle Fare *(include tips pd.) To/From meetings, airport, etc.*		29.13							29.13
Hotel - Actual Expense Paid - Excluding Taxes						221.50	221.50	221.50	
Allowable Hotel (Lessor of Actual or GSA Allowance)		0.00	0.00	0.00	0.00	221.50	221.50	221.50	664.50
Hotel Taxes Paid									0.00
Telephone, Internet and Fax									0.00
Laundry									0.00
Meals, Entertainment & Incidentals (M,E&I):									
Meals (include tips pd.) - Breakfast									
Lunch							20.76	20.34	
Dinner						60.47		26.93	
Other Meals									
Entertainment (Hospitality)[1]									
Tips Paid to Maids, Bellhops and other hotel servers									
Taxi/Shuttle Fare *(include tips pd.) To/From meal destinations*									
Total Meals, Entertainment & Incidentals		0.00	0.00	0.00	0.00	60.47	20.76	47.27	
GSA Allowance for M,E&I (from above)		0.00	0.00	0.00	0.00	185.00	185.00	185.00	
Allowable M,E&I (Lessor of Actual or GSA Allowance)		0.00	0.00	0.00	0.00	60.47	20.76	47.27	128.50
Alcohol is a non-reimbursable expense									0.00
Miscellaneous:									0.00
									0.00
									0.00
Total Expenses	0.00	29.13	0.00	0.00	1,300.33	281.97	242.26	268.77	2,122.46

*Lyft fare on 5/15/17 (Return to S.D.)

Grand Trip Total	2,122.46
Less Cash Advance (attach copy of Authority ck)	
Less Expenses Prepaid by Authority	0.00
Due Traveler - if positive amount, prepare check request **Due Authority** - if negative, attach check payable to SDCRAA	2,122.46

Note: Send this report to Accounting even if the amount is $0.

Alcohol is a non-reimbursable expense

[1]*Give names and business affiliations of all persons whose meals were paid by traveler.*

Failure to attach required documentation will result in the delay of processing reimbursement. If you have any

I as traveler or administrator acknowledge that I have read, understand and agree to Authority policies 3.40 - Travel and Lodging Expense Reimbursement Policy[4] and 3.30 - Business Expense Reimbursement Policy[5] and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of travel expenses were incurred in connection with official Authority business and is true and correct.

Prepared By: Linda Gehlken Ext.: x2557

Print/Type Name

Traveler Signature: [signature] Date: 6-1-17

Administator's signature: ____________________ Date: ____________

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE (To be completed by Clerk)

I, ____________________ hereby certify that this document was approved by the Executive Committee at it's meeting on ____________.

Clerk Signature: ____________________ Date: ____________

April Boling Zurich, Switzerland – Edelweiss/San Diego Inaugural Reception

Airfare	1,260.33
Agent Fee	40.00
AirBnB (886.00 x 3/4)	664.50
Dinner	60.47
Lunch	20.76
Lunch	20.34
Dinner	26.93
Lyft Ride from Airport Home	29.13
TOTAL	2,122.46

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

OUT-OF-TOWN TRAVEL REQUEST

GENERAL INSTRUCTIONS:

A All travel requests must conform to applicable provisions of Policies 3.30 and 3.40

B Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1 TRAVELER:

Travelers Name: April Boling Dept 2

Position ☑ Board Member ☐ President/CEO ☐ Gen. Counsel ☐ Chief Auditor

☐ All other Authority employees (does not require executive committee administrator approval)

2 DATE OF REQUEST 4/12/17 PLANNED DATE OF DEPARTURE/RETURN: 5/3/17 / 5/7/17

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

Destination: Zurich, Switzerland

Purpose: Attend Night In San Diego Reception with Edelweiss

Explanation:

4 PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A TRANSPORTATION COSTS:		
• AIRFARE	$	1400.00
• OTHER TRANSPORTATION (Taxi, Train, Car Rental)	$	200.00
B LODGING	$	1032.00
C. MEALS	$	555
D. SEMINAR AND CONFERENCE FEES	$	
E ENTERTAINMENT (if applicable)	$	
F OTHER INCIDENTAL EXPENSES	$	
TOTAL PROJECTED TRAVEL EXPENSE	$	3187.00

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature [signature] Date 4/11/17

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required)

By my signature below, I certify the following

1 I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.

2 The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.

3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40

Administrator's Signature: [signature] Date: 4/13/17

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, ______________________________, hereby certify that this document was approved

(Please leave blank. Whoever clerk's the meeting will insert their name and title.)

by the Executive Committee at its ______________________ meeting.

(Leave blank and we will insert the meeting date.)

TRAVELTRUST

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

ADD TO OUTLOOK

Friday, 14APR 2017 04:39 PM EDT

Passengers: CATHERINE APRIL BOLING (02)

Agency Reference Number: EXZCLR

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

United Airlines Confirmation JXRJGQ

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

.

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

.

FOR TRAVEL TO SWITZERLAND A US CITIZEN
MUST HAVE A VALID PASSPORT
****

YOU CANNOT TRAVEL OUT OF THE UNITED STATES IF YOUR US
PASSPORT EXPIRES WITHIN 6 MONTHS OF YOUR DEPARTURE DATE
YOUR INTERNATIONAL TRAVEL MAY REQUIRE VACCINATIONS [redacted]
PLEASE CHECK WWW.CDC.GOV FOR LATEST REQUIREMENTS
****

CERTAIN FARES MAY REQUIRE REISSUANCE AT TIME OF
CANCELLATION. PLEASE CONTACT THE AIRLINE OR TRAVELTRUST
AN ESTA MUST BE OBTAINED FOR TRAVEL TO THE USA
BEFORE TRAVEL PLEASE MAKE SURE YOUR PASSPORT
WILL NOT EXPIRE WITHIN 6 MONTHS OF YOUR DEPARTURE DATE
****

WHEN RENTING A CAR PLEASE PROVIDE BOTH PARTS OF YOUR
DRIVING LICENSE UPON VEHICLE COLLECTION
YOUR INTERNATIONAL TRAVEL MAY REQUIRE VACINATIONS
PLEASE CHECK WWW.CDC.GOV FOR LATEST REQUIREMENTS
****

CERTAIN FARES MAY REQUIRE REISSUANCE AT TIME OF
CANCELLATION. PLEASE CONTACT THE AIRLINE OR TRAVELTRUST [redacted]
FOR MORE INFORMATION
****

AIR **Wednesday, 3MAY 2017**

United Airlines	**Flight Number**: 0736	Class: L-Coach/Economy
From: San Diego CA, USA	**Depart**: 04:56 PM	
To: San Francisco CA, USA	**Arrive**: 06:30 PM	
Stops: Nonstop	Duration: 1 hour(s) 34 minute(s)	
	Status: CONFIRMED	Miles: 436 / 698 KM

Equipment: Boeing 737-800 Jet

DEPARTS SAN TERMINAL 2 - ARRIVES SFO TERMINAL 3
Frequent Flyer Number [redacted]

SEAT 35A - WINDOW SEAT CONFIRMED

United Airlines Confirmation number is JXRJGQ

AIR **Wednesday, 3MAY 2017**

United Airlines
Operated By: SWISS
CHKIN-SFO-ZRH CHECK-IN WITH SWISS INTERNATIONAL

Flight Number: 9725
Class: L-Coach/Economy

From: San Francisco CA, USA
To: Zurich, Switzerland
Stops: Nonstop

Depart: 08:10 PM
Arrive: 04:00 PM 4MAY
Duration: 10 hour(s) 50 minute(s)
Status: CONFIRMED
Miles: 5826 / 9322 KM

Equipment: Boeing 777 Jet 200/300
MEAL: MEALS

DEPARTS SFO INTERNATIONAL TERMINAL
Frequent Flyer Number: [redacted]
SEAT ASSIGNMENT AIRPORT CHECKIN ONLY
United Airlines Confirmation number is JXRJGQ

AIR **Monday, 15MAY 2017**

United Airlines
Operated By: SWISS
CHKIN-ZRH-LAX CHECK-IN WITH SWISS INTERNATIONAL

Flight Number: 9730
Class: L-Coach/Economy

From: Zurich, Switzerland
To: Los Angeles CA, USA
Stops: Nonstop

Depart: 01:10 PM
Arrive: 04:20 PM
Duration: 12 hour(s) 10 minute(s)
Status: CONFIRMED
Miles: 5925 / 9480 KM

Equipment: Boeing 777 Jet 200/300
MEAL: MEALS

ARRIVES LAX TERMINAL TOM BRADLEY INTL TERM
Frequent Flyer Number: [redacted]
SEAT ASSIGNMENT AIRPORT CHECKIN ONLY
United Airlines Confirmation number is JXRJGQ

AIR **Monday, 15MAY 2017**

United Airlines
Operated By: /SKYWEST DBA UNITED EXPRESS

Flight Number: 5725
Class: L-Coach/Economy

From: Los Angeles CA, USA
To: San Diego CA, USA
Stops: Nonstop

Depart: 06:55 PM
Arrive: 07:52 PM
Duration: 0 hour(s) 57 minute(s)
Status: CONFIRMED
Miles: 98 / 157 KM

Equipment: CRJ-700 Canadair Regional Jet
DEPARTS LAX TERMINAL 7 - ARRIVES SAN TERMINAL 2
Frequent Flyer Number: [redacted]
SEAT 14A - WINDOW SEAT CONFIRMED
United Airlines Confirmation number is JXRJGQ

A PORTION OF THIS TRIP MAY BE REFUNDABLE. PLEASE RETURN UNUSED PORTIONS TO TRAVELTRUST FOR POSSIBLE REFUND.
UNITED AIRLINES CONFIRMATION NUMBER - JXRJGQ
FOR EMERGENCY SERVICE FROM UNITED STATES - 888-221-6043
FOR EMERGENCY SERVICE FROM SWITZERLAND - 00-800-7373-7882

Ticket/Invoice Information

Ticket for: CATHERINE APRIL BOLING
Ticket Nbr: UA7964116877 Electronic Tkt: No Amount: 1260.33 [redacted]
Base: 898.47 Tax: 361.86

Charged to: VI*************[redacted]

Service fee: CATHERINE APRIL BOLING
Date issued: 4/14/2017
Document Nbr: XD0703441118 Amount: 40.00
Charged to: VI**************[redacted]

Total Tickets: 1260.33
Total Fees: 40.00
Total Amount: 1300.33

Click here 24 hours in advance to obtain boarding passes:
UNITED

Click here to review Baggage policies and guidelines:
UNITED

Check operating carrier website for any policies that may vary.

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

Thank you for choosing Traveltrust.
Our Business Hours are 2am-5:30pm Pacific Monday - Friday
Saturday from 9am-1pm Pacific

DIPLOMACY IN ACTION

Office of Allowances

Foreign Per Diem Rates In U.S. Dollars

Country: SWITZERLAND
Publication Date: 05/01/2017

Previous Rates: 05/01/2017 Go

Country Name	Post Name	Season Begin	Season End	Maximum Lodging Rate	M & IE Rate	Maximum Per Diem Rate	Footnote	Effective Date
SWITZERLAND	Bad Ragaz	01/01	12/31	390	150	540	N/A	01/01/2017
SWITZERLAND	Basel	01/01	12/31	225	159	384	N/A	01/01/2017
SWITZERLAND	Bern	01/01	12/31	274	151	425	N/A	01/01/2017
SWITZERLAND	Davos	01/01	12/31	322	175	497	N/A	01/01/2017
SWITZERLAND	Geneva	01/01	12/31	308	152	460	N/A	01/01/2017
SWITZERLAND	Klosters	01/01	12/31	265	166	431	N/A	01/01/2017
SWITZERLAND	Lugano	01/01	12/31	245	160	405	N/A	01/01/2017
SWITZERLAND	Montreux	01/01	12/31	324	143	467	N/A	01/01/2017
SWITZERLAND	Other	01/01	12/31	221	147	368	N/A	01/01/2017
SWITZERLAND	Zurich	01/01	12/31	344	185	529	N/A	01/01/2017

airbnb

Airbnb, Inc.
888 Brannan Street
San Francisco, CA 94103

Receipt: 4 nights in Zürich, Switzerland

[redacted]
Thursday, Apr 13, 2017

Accepted
HMPRNKQ42J

Check In
May 4, 2017
>
Check Out
May 8, 2017

Entire home/apt

City center — Bahnhofstrasse and Rennweg in 50 mt!
Augustinergasse 15
Zürich, Zürich 8001
Switzerland

Hosted by Glib Antonov
Phone: +41 76 280 68 24

2 Travelers on this trip

[redacted]
April Boling

Cost per traveler
This trip was **$111** per person, per night, including taxes and other fees.

Charges

$183 × 4 nights	$732
Cleaning fees	$61
Service Fee	$93
Total	**$886**

(Reimbursing 3 nights)
$664.50

Payment

Charged to VISA •••• [redacted] April 13, 2017	$886
Balance	**$0**

Add billing details

Need help?

Visit the Help Center for any questions.
(https://www.airbnb.com/help)

HMPRNKQ42J
Booked by **Lance Liquidgrey**
Thursday, Apr 13, 2017

Cancellation policy: Strict. Certain fees and taxes may be non-refundable. See here for more details. (https://www.airbnb.com/home/cancellation_policies#strict)

A 3% conversion fee was applied to this booking.

Airbnb Payments, Inc. ("Airbnb Payments") is a limited payment collection agent of your Host. This means that upon your payment of the Total Fees to Airbnb Payments, your payment obligation to your Host is satisfied. Refund requests will be processed in accordance with: (i) the Host's cancellation policy (available on the Listing); or (ii) Airbnb Payment's Guest Refund Policy Terms, available at https://www.airbnb.com/terms. Questions or complaints: contact Airbnb Payments at 855-4-AIRBNB (855-424-7262)

Airbnb Payments, Inc.
888 Brannan Street
San Francisco, CA 94103

Need help? Visit the Help Center, email us or call (800) 024 7626.

WIDDER HOTEL
Rennweg 7
CH - 8001 Zürich
Tel. +41 (0)44 224 25 26
www.widderhotel.ch

Zwischenrechnung

Rechnung	Uhrzeit	Datum	Tisch	Partei	Service
	21:24:12	04.05.17	54	1	11

1 Mineral ohne	6.00
3 dl Tellus Falesco wine	24.00
1 Grosse Piece	41.00
1 Gemischter Salat	7.00
1 Fleischkäse Jäger KL	8.00
1 Grosse Piece	34.00
1 Grüne Bohnen	7.00

Summe CHF 127.00

F 41.00
7.00
7.00
| 55.00 FRANCS (CHFS)
5.00 TIP
Tip: 60.00 FRANCS (CHFS)
(1.00785) = $60.47 DOLLARS

Sig

inkl. 8.0% MWST
CHE-108.239.887 MWST
Herzlichen Dank für Ihren Besuch

Es bediente Sie: Sebastian Ekert

(NIDDER HOTEL
RENWEG 7)

OANDA

Currency Converter

CHF/USD for the 24-hour period ending **Thursday, May 4, 2017** 22:00 UTC @ +/- 0%

Currency I Have:
60.00 CHF

Currency I Want:
60.4711 USD

CHF/USD Details

CHF/USD for the 24-hour period ending **Thursday, May 4, 2017** 22:00 UTC @ +/- 0%

Selling 60.0000 **CHF** → you get 60.4711 **USD**
Buying 60.0000 **CHF** → you pay 60.4827 **USD**

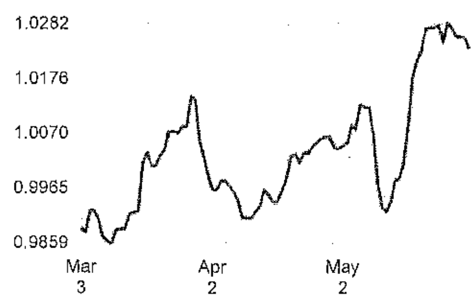
Rate Details

CHF/USD for the 24-hour period ending
Thursday, May 4, 2017 22:00 UTC

	Bid Sell 1 CHF	Ask Buy 1 CHF
MIN	1.00421	1.00436
AVG	**1.00785**	1.00804
MAX	1.01377	1.01399

Recent Trends

CHF/USD average daily bid prices
Last 90 days



Take trusted OANDA Rates™ with you on your travels

fold

CHF/USD — OANDA
Interbank Rate +/- 0%
May 5, 2017

CHF	USD	CHF	USD	CHF	USD
1	1.01	15	15.12	45	45.35
2	2.02	20	20.16	50	50.39
3	3.02	25	25.20	100	100.79
4	4.03	30	30.24	250	251.96
5	5.04	35	35.27	500	503.93
10	10.08	40	40.31	1,000	1,007.85

USD/CHF — OANDA
Interbank Rate +/- 0%
May 5, 2017

USD	CHF	USD	CHF	USD	CHF
1	0.99	15	14.88	45	44.64
2	1.98	20	19.84	50	49.60
3	2.98	25	24.80	100	99.20
4	3.97	30	29.76	250	248.01
5	4.96	35	34.72	500	496.01
10	9.92	40	39.68	1,000	992.02

fold

JUICE MARKET

Augustinergasse 41, 8001 Zürich
T. 044 211 69 33
CHE-108.381.048 MWST

RECHNUNG

Tisch:	16/01	
Bediener:	Danis Juice Market	
R.46734	05.05.2017	11:01

2x Karotte,Ananas,A	CHF 9.50	CHF 19.00 (1)
1x bagel tomaten mo	CHF 10.00	CHF 10.00

Total: CHF 29.00

Inkl. 8.0% MwSt. CHF 2.15
Netto CHF 26.85

Bar CHF29.00
Gegeben: CHF 29.00
Wechselgeld: CHF 0.00

Feiern Sie ihr Fest oder
Apéro bei uns im Juice Market
www.juice-market.ch

9.50
10.00
19.50 FRANCS (CHS)
1.00 TIP
20.50 CHS
(1.01265) = $20.76 Dollars

(JUICE MARKET)

OANDA

Currency Converter

CHF/USD for the 24-hour period ending **Friday, May 5, 2017** 22:00 UTC @ +/- 0%

Currency I Have:

20.50 CHF

Currency I Want:

20.7593 USD

CHF/USD Details

CHF/USD for the 24-hour period ending **Friday, May 5, 2017** 22:00 UTC @ +/- 0%

Selling 20.5000 **CHF** → you get 20.7593 **USD**
Buying 20.5000 **CHF** → you pay 20.7626 **USD**

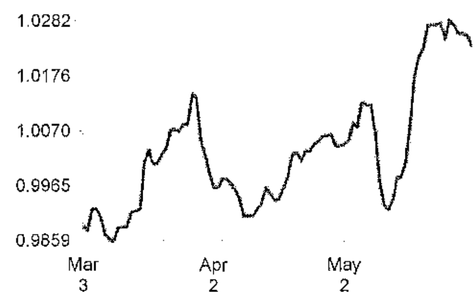
Rate Details

CHF/USD for the 24-hour period ending
Friday, May 5, 2017 22:00 UTC

	Bid Sell 1 CHF	Ask Buy 1 CHF
MIN	1.00942	1.00985
AVG	**1.01265**	1.01281
MAX	1.01420	1.01468

Recent Trends

CHF/USD average daily bid prices
Last 90 days



Take trusted OANDA Rates™ with you on your travels

fold

CHF/USD OANDA
Interbank Rate +/- 0%
May 6, 2017

CHF		USD	CHF		USD	CHF		USD
1	▸	1.01	15	▸	15.19	45	▸	45.57
2	▸	2.03	20	▸	20.25	50	▸	50.63
3	▸	3.04	25	▸	25.32	100	▸	101.27
4	▸	4.05	30	▸	30.38	250	▸	253.16
5	▸	5.06	35	▸	35.44	500	▸	506.32
10	▸	10.13	40	▸	40.51	1,000	▸	1,012.65

USD/CHF OANDA
Interbank Rate +/- 0%
May 6, 2017

USD		CHF	USD		CHF	USD		CHF
1	▸	0.99	15	▸	14.81	45	▸	44.43
2	▸	1.97	20	▸	19.75	50	▸	49.37
3	▸	2.96	25	▸	24.68	100	▸	98.74
4	▸	3.95	30	▸	29.62	250	▸	246.84
5	▸	4.94	35	▸	34.56	500	▸	493.68
10	▸	9.87	40	▸	39.49	1,000	▸	987.35

fold

SANTA LUCIA

Marktgasse 21
8001 Zürich
TELEFON 044 262 36 26
TELEFAX 044 262 36 29
CHE-106.104.874 MWST

#0002 Kasse 2 06-05-2017

Rechnung 2021817

TAVOLA 3
Gästezahl 2

1 Aqua Panna 50cl	5.50	*5.50
[redacted]	4[redacted]0	~~*9.00~~
1 P. Quattro-stagio	22.00	*22.00
Zwischensumme		*36.50

Total Bar	***36.50**
Total Euro	*35.10
Euro-Soll	*35.10
Mwst 8.0% Total	*36.50
Mwst 8,0%	*2.70

GRAZIE DELLA LORO VISITA

4-ALI

ALI 00081273 00:08

5.50
11.00
16.50
2.00 TIP
18.50 EURO
(1.099.39)=$20.34
DOLLARS

INFORECHNUNG

Restaurant Park am Rheinfall

Rheinfall Gastronomie AG
Rheinfallquai 5
8212 Neuhausen
Tel. 052 672 18 21

Rechnung 6. 5. 2017
16:07

Tisch 13

1 x Rindsge. Hörnli	22.50	22.50
1 xBratwurst Pommes	21.50	21.50
1 x50cl Rhf Wasser ohne	6.20	6.20

MwSt: 8 % 3.72

Summe CHF **50.20**
in Euro 50.20

Name: ____________________

Unterschrift: ____________________
inkl. MwSt / CHE-259.137.944 MWST
Vielen Dank für Ihren Besuch!
Es bediente Sie: Radenka Divljak

22.50
2.00 TIP
24.50 EUROS
(1.09939)=$26.93
DOLLARS

(SANTA LUCIA)

OANDA

Currency Converter

EUR/USD for the 24-hour period ending **Saturday, May 6, 2017** 22:00 UTC @ +/- 0%

Currency I Have:

18.50 EUR

Currency I Want:

20.3387 USD

EUR/USD Details

EUR/USD for the 24-hour period ending **Saturday, May 6, 2017** 22:00 UTC @ +/- 0%

Selling 18.5000 EUR → you get 20.3387 USD
Buying 18.5000 EUR → you pay 20.3572 USD

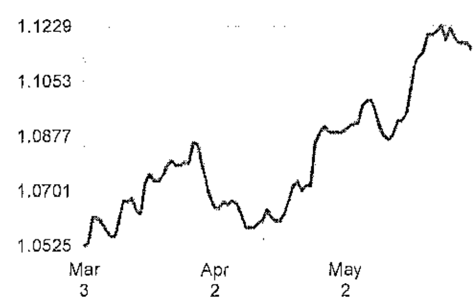
Rate Details

EUR/USD for the 24-hour period ending
Saturday, May 6, 2017 22:00 UTC

	Bid Sell 1 EUR	Ask Buy 1 EUR
MIN	1.09939	1.10039
AVG	**1.09939**	1.10039
MAX	1.09939	1.10039

Recent Trends

EUR/USD average daily bid prices
Last 90 days



Take trusted OANDA Rates™ with you on your travels

fold

EUR/USD — OANDA
Interbank Rate +/- 0%
May 7, 2017

EUR		USD	EUR		USD	EUR		USD
1	›	1.10	15	›	16.49	45	›	49.47
2	›	2.20	20	›	21.99	50	›	54.97
3	›	3.30	25	›	27.48	100	›	109.94
4	›	4.40	30	›	32.98	250	›	274.85
5	›	5.50	35	›	38.48	500	›	549.70
10	›	10.99	40	›	43.98	1,000	›	1,099.39

USD/EUR — OANDA
Interbank Rate +/- 0%
May 7, 2017

USD		EUR	USD		EUR	USD		EUR
1	›	0.91	15	›	13.63	45	›	40.89
2	›	1.82	20	›	18.18	50	›	45.44
3	›	2.73	25	›	22.72	100	›	90.88
4	›	3.64	30	›	27.26	250	›	227.19
5	›	4.54	35	›	31.81	500	›	454.38
10	›	9.09	40	›	36.35	1,000	›	908.77

fold

OANDA

RESTAURANT PARK
OF RHEINFALL

Currency Converter

EUR/USD for the 24-hour period ending **Saturday, May 6, 2017** 22:00 UTC @ +/- 0%

Currency I Have:
24.50 EUR

Currency I Want:
26.9351 USD

EUR/USD Details

EUR/USD for the 24-hour period ending **Saturday, May 6, 2017** 22:00 UTC @ +/- 0%

Selling 24.5000 **EUR** → you get 26.9351 **USD**
Buying 24.5000 **EUR** → you pay 26.9596 **USD**

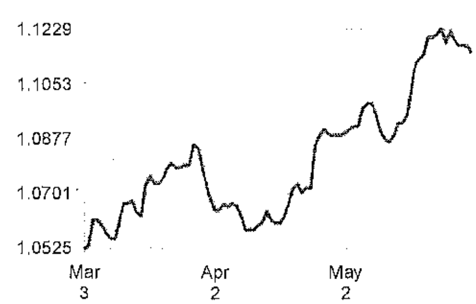
Rate Details

EUR/USD for the 24-hour period ending
Saturday, May 6, 2017 22:00 UTC

	Bid Sell 1 EUR	Ask Buy 1 EUR
MIN	1.09939	1.10039
AVG	**1.09939**	1.10039
MAX	1.09939	1.10039

Recent Trends

EUR/USD average daily bid prices
Last 90 days



Take trusted OANDA Rates™ with you on your travels

fold

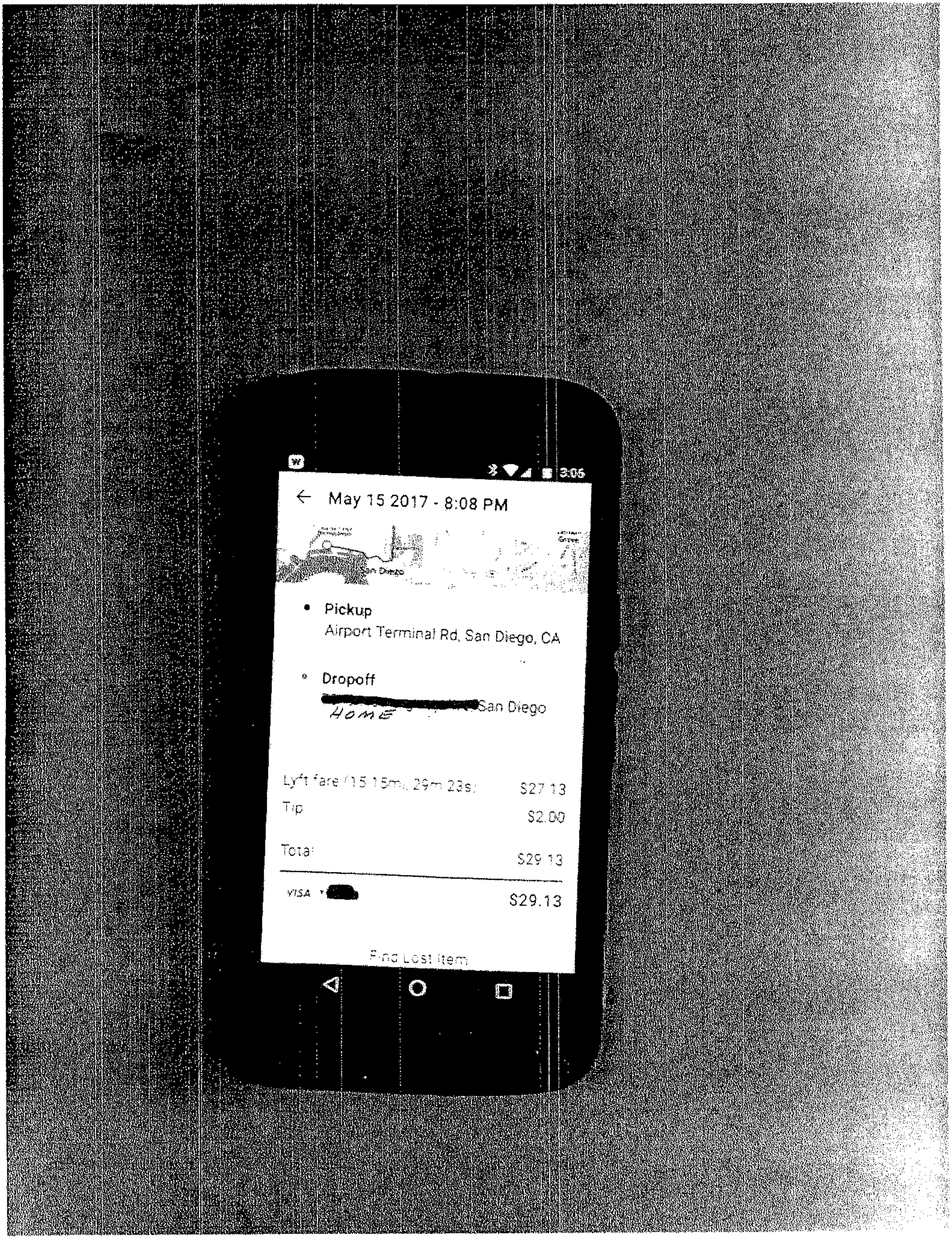
EUR/USD — OANDA
Interbank Rate +/- 0%
May 7, 2017

EUR		USD	EUR		USD	EUR		USD
1	›	1.10	15	›	16.49	45	›	49.47
2	›	2.20	20	›	21.99	50	›	54.97
3	›	3.30	25	›	27.48	100	›	109.94
4	›	4.40	30	›	32.98	250	›	274.85
5	›	5.50	35	›	38.48	500	›	549.70
10	›	10.99	40	›	43.98	1,000	›	1,099.39

USD/EUR — OANDA
Interbank Rate +/- 0%
May 7, 2017

USD		EUR	USD		EUR	USD		EUR
1	›	0.91	15	›	13.63	45	›	40.89
2	›	1.82	20	›	18.18	50	›	45.44
3	›	2.73	25	›	22.72	100	›	90.88
4	›	3.64	30	›	27.26	250	›	227.19
5	›	4.54	35	›	31.81	500	›	454.38
10	›	9.09	40	›	36.35	1,000	›	908.77

fold


3:05
May 15 2017 - 8:08 PM
San Diego
Pickup
Airport Terminal Rd, San Diego, CA
Dropoff
[redacted] San Diego
HOME
Lyft fare (15.15mi, 29m 23s) $27.13
Tip $2.00
Total $29.13
VISA *[redacted] $29.13
Find Lost Item

BUSINESS EXPENSE

APRIL BOLING

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

2017

MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT

EMPLOYEE NAME	PERIOD COVERED
C. April Boling	May
DEPARTMENT/DIVISION	

Date	Miles driven	Destination and purpose of trip	Parking fees & other transportation costs paid	$$$
5/1/17	29.40	Port/Port Leadership Mtg.		
5/1/17	29.40	Airport/Condor Inaugural Event		
5/2/17	27.40	Stone Brewery Restaurant/Condor Airlines Flight Launch Event		
5/2/17	4.00	Airport from Stone Brewery/Meet w/Kim Becker		
5/17/17	29.40	Airport/Federal Inspection Services (FIS) Groundbreaking		
5/18/17	29.40	Airport/Budget Workshop		
5/22/17	29.40	Airport/Exec/Finance Comm. Mtg.		
5/24/17	23.20	Cucina Urbana Restaurant/Meet w/Mark Cafferty re:Route Development		
5/25/17	30.20	Hard Rock Hotel/SD Taxpayers Assoc. Annual Golden Watchdog Awards Dinner		20.00
5/30/17	29.40	Airport/Meet w/Kim Becker re: FIS Update		
5/31/17	29.40	Airport/Meet w/Kim Becker re: Pre-Board Meeting Agenda		
5/31/17	5.00	Barbara Bry's Office from Airport/Meet & Greet w/Kim Becker		4.00
SUBTOTAL	295.60		SUBTOTAL	-

Computation of Reimbursement

			295.60
REIMBURSEMENT RATE: (see below) *	**Rate as of January 2017**	X	0.535
TOTAL MILEAGE REIMBURSEMENT			158.15
PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS)			24.00
TOTAL REIMBURSEMENT REQUESTED			$ 182.15

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

Business Expense Reimbursement Policy 3.30

SIGNATURE OF EMPLOYEE	DEPT./DIV. HEAD APPROVAL

C. A. Boling
May parking fees

SD HARD ROCK HOTEL

Thank you!

751727

Cashier: DAVID DELOESTE
CheckIn D/T: 05/25/17 17:24
CheckOut D/T: 05/25/17 21:00
Duration Time: 3h 35m
Plate#: 497 CA
Make/Model: LEXUS/ES 250
Color: RED
MA Acct#: 090100170

Charge:	$20.00
Tax %0:	$0.00
Total:	$20.00
Amount Tend:	$20.00
Due:	$0.00

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

Item 7

Revised 6/22/17
DRAFT
BOARD
AGENDA

Thursday, July 6, 2017
9:00 A.M.

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

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

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

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

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

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

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

SAN DIEGO
INTERNATIONAL AIRPORT
LET'S GO.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENTATIONS:

A. PORT MASTER PLAN UPDATE:
Presented by the Rafael Castellanos, Vice Chair - Board of Commissioners, San Diego Unified Port District; and Lesley Nishihira, Principal - Planning & Green Port, San Diego Unified Port District

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
  Committee Members: Gleason, Hollingworth, Robinson (Chair), Schumacher, Sessom, Tartre, Van Sambeek

- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
  Committee Members: Gleason, Janney(Chair), Kersey, Robinson

- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
  Committee Members: Boling, Cox, Desmond (Chair), Kersey, Schumacher

- **FINANCE COMMITTEE:**
  Committee Members: Boling (Chair), Cox, Janney, Sessom

ADVISORY COMMITTEES

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

- **ART ADVISORY COMMITTEE:**
  Committee Member: Gleason

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN:**
  Liaison: Janney

- **CALTRANS:**
  Liaison: Berman

- **INTER-GOVERNMENTAL AFFAIRS:**
  Liaison: Cox

- **MILITARY AFFAIRS:**
  Liaison: Woodworth

- **PORT:**
  Liaisons: Boling, Cox, Gleason (Primary), Robinson

- **WORLD TRADE CENTER:**
  Representatives: Gleason (Primary)

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
  Representatives: Boling (Alternate), Janney (Primary)

CHAIR'S REPORT:

PRESIDENT/CEO'S REPORT:

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

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

CONSENT AGENDA (Items 1-14):
The consent agenda contains items that are routine in nature and non-controversial. Some items may be referred by a standing Board Committee or approved as part of the budget process. The matters listed under 'Consent Agenda' may be approved by one motion. Any Board Member may remove an item for separate consideration. Items so removed will be heard before the scheduled New Business Items, unless otherwise directed by the Chair.

1. APPROVAL OF MINUTES:
The Board is requested to approve minutes of prior meetings.
RECOMMENDATION: Approve the minutes of the April 24, 2017, special meeting, May 18, 2017, special meeting, and June 1, 2017, regular meeting.

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

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM MAY 8, 2017 THROUGH JUNE 11, 2017 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MAY 8, 2017 THROUGH JUNE 11, 2017:
The Board is requested to receive the report.
RECOMMENDATION: Receive the report.
(Procurement: Jana Vargas, Director)

4. JULY 2017 LEGISLATIVE REPORT:
The Board is requested to approve the report.
RECOMMENDATION: Adopt Resolution No. 2017-0054, approving the July 2017 Legislative Report.
(Inter-Governmental Relations: Michael Kulis, Director)

5. APPROVE APPOINTMENTS TO THE ART ADVISORY COMMITTEE:
The Board is requested to approve the appointments.
RECOMMENDATION: Adopt Resolution No. 2017-0055, approving the appointment of Jennifer Easton and Cris Scorza to the Art Advisory Committee.
(Vision, Voice, & Engagement: Lauren Lockhart, Arts Program Manager)

6. GRANT AN ELECTRICAL EASEMENT TO SAN DIEGO GAS & ELECTRIC:
The Board is requested to grant an easement.
RECOMMENDATION: Adopt Resolution No. 2017-0056, authorizing the President/CEO to negotiate and execute an electrical easement with San Diego Gas & Electric in support of the Central Receiving & Distribution Center.
(Finance & Asset Management: Kathy Kiefer, Senior Director)

CLAIMS

7. REJECT THE CLAIM OF FUTURE DB INTERNATIONAL, INC.:
The Board is requested to reject the claim.
RECOMMENDATION: Adopt Resolution No. 2017-0057, rejecting the claim of Future DB International, Inc.
(Legal: Amy Gonzalez, General Counsel)

COMMITTEE RECOMMENDATIONS

CONTRACTS AND AGREEMENTS

8. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A REIMBURSABLE AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA):
The Board is requested to approve an agreement.
RECOMMENDATION: Adopt Resolution No. 2017-0058, approving and authorizing the President/CEO to execute a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority, for a reimbursable amount not-to-exceed $200,000, for Navaid Equipment at San Diego International Airport.
(Facilities Development: Iraj Ghaemi, Director)

9. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE LEGAL SERVICES AGREEMENT WITH ANDERSON & KREIGER:
The Board is requested to approve an amendment.
RECOMMENDATION: Adopt Resolution No. 2017-0059, approving and authorizing the President/CEO to execute a First Amendment to the Agreement with Anderson & Kreiger for Professional Legal Services increasing the not-to-exceed amount by $100,000.
(Legal: Amy Gonzalez, General Counsel)

10. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A LICENSING AGREEMENT WITH THE ROCKY MOUNTAIN INSTITUTE FOR THE ADMINISTRATION OF ‘THE GOOD TRAVELER’ CARBON OFFSET PROGRAM AND THE SUPPLY OF CARBON OFFSETS:
The Board is requested to approve an agreement.
RECOMMENDATION: Adopt Resolution No. 2017-0069, approving and authorizing the President/CEO to execute a licensing agreement with the Rocky Mountain Institute for ‘The Good Traveler’ program administration and the supply of carbon offsets.
(Environmental Affairs: Brendan Reed, Director)

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

11. AWARD A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC. FOR QUIETER HOME PROGRAM PHASE 8, GROUP 12, PROJECT NO. 380812 (84 NON-HISTORIC SINGLE AND MULTI-FAMILY UNITS ON 7 RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE AIRPORT):
The Board is requested to award a contract.
RECOMMENDATION: Adopt Resolution No. 2017-0060, awarding a contract to G&G Specialty Contractors, Inc., in the amount of $1,319,742, for Phase 8, Group 12, Project No. 380812, of the San Diego County Regional Airport Authority’s (“Authority’s”) Quieter Home Program.
(Development: Jeffrey Woodson, Vice President)

12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FOURTH AMENDMENT TO THE PEST CONTROL AND REMEDIATION SERVICES AGREEMENT WITH CARTWRIGHT TERMITE & PEST CONTROL, INC.:

The Board is requested to approve an amendment.

RECOMMENDATION: Adopt Resolution No. 2017-0061, approving and authorizing the President/CEO to execute a fourth amendment with Cartwright Termite & Pest Control, Inc. for pest control and remediation services increasing the total amount payable by $800,000 for a total not-to-exceed compensation amount of $7,157,776.

(Environmental Affairs: Brendan Reed, Director)

13. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AMENDMENT TO THE ON-CALL SERVICES AGREEMENT WITH RICONDO & ASSOCIATES:

The Board is requested to approve an amendment.

RECOMMENDATION: Adopt Resolution No. 2017-0062, approving and authorizing the President/CEO to execute an Amendment to the Agreement with Ricondo & Associates for On-Call Services increasing the compensation amount by $1,600,000 for a total not-to-exceed amount of $4,600,000.

(Development: Jeffrey Woodson, Vice President)

14. AWARD A CONTRACT TO GRANITE CONSTRUCTION COMPANY, FOR CLEAR OBJECT FREE AREA (OFA) TAXIWAY B AT SAN DIEGO INTERNATIONAL AIRPORT:

The Board is requested to award a contract.

RECOMMENDATION: Adopt Resolution No. 2017-0065, awarding a contract to Granite Construction Company, in the amount of $5,598,909 for Project 104129, Clear Object Free Area (OFA) Taxiway B at San Diego International Airport.

(Facilities Development: Iraj Ghaemi, Director)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

15. DISCUSSION AND POSSIBLE ACTION REGARDING ARTS PROGRAM POLICY 8.50, SECTION 1(G) GIFTS AND LOANS OF ARTWORK:

The Board is requested to discuss Policy 8.50.

RECOMMENDATION: Staff recommends that no amendments be made to Authority Policy 8.50 at this time.

(Vision, Voice, & Engagement: Lauren Lockhart, Arts Program Manager)

16. AWARD A CONTRACT TO GRANITE CONSTRUCTION COMPANY FOR REHABILITATE RUNWAY 9-27 AND REHABILITATE CROSS TAXIWAYS B1, B4-B7, C3, C4 AND C6 AT SAN DIEGO INTERNATIONAL AIRPORT:
The Board is requested to award a contract.
RECOMMENDATION: Adopt Resolution No. 2017-0064, awarding a contract to Granite Construction Company in the amount of $22,839,002.50 for Project No. 104219, Rehabilitate Runway 9-27 and Project No. 104220, Rehabilitate Cross Taxiways B1, B4-B7, C3, C4 and C6 at San Diego International Airport.
(Facilities Development: Iraj Ghaemi, Director)

17. AUTHORIZATION OF BOND DOCUMENTS AND SALE OF UP TO $400 MILLION AIRPORT REVENUE BONDS, INCLUDING DELEGATION OF PRICING AUTHORITY, TO REFUND A PORTION OF THE AUTHORITY'S OUTSTANDING SUBORDINATE REVOLVING OBLIGATIONS AND TO FUND THE PARKING PLAZA, FIS AND CAPITAL IMPROVEMENT PROGRAM; AUTHORIZATION OF THE $10 MILLION IRREVOCABLE COMMITMENT OF PASSENGER FACILITY CHARGES IN FY 2018 TO THE PAYMENT OF DEBT SERVICE AND; AUTHORIZATION OF REIMBURSEMENT AGREEMENT:
The Board is requested to authorize bond documents.
RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2017-0066, (1) authorizing the issuance and sale of not-to-exceed $400 million in aggregate principal amount of one or more series of San Diego County Regional Airport Authority (the "Authority") Subordinate Airport Revenue Bonds; and (2) approving the forms of a Fifth Supplemental Subordinate Trust Indenture, Preliminary and Final Official Statements, a Purchase Contract and a Continuing Disclosure Certificate, and certain related matters; and

Adopt Resolution No. 2017-0067, authorizing the irrevocable commitment of $10 million of Passenger Facility Charges in FY 2018 for the payment of debt service on the Authority's Senior and Subordinate Airport Revenue Bonds; and

Adopt Resolution 2017-0068, authorizing the establishment of a method for the Authority to make declarations of official intent in order to permit the Authority to reimburse itself and other parties for capital expenditures with proceeds of future taxable or tax exempt borrowings in accordance with Internal Revenue Service reimbursement regulations.
(Financial Management: John Dillon, Director)

18. DISCUSSION AND POSSIBLE ACTION REGARDING STREET PRICING REQUIREMENT CONTAINED IN CONCESSION AGREEMENTS:
The Board is requested to discuss street pricing requirements.
RECOMMENDATION: Provide direction to staff.
(Finance & Asset Management: Kathy Kiefer, Senior Director)

19. AUTHORIZE THE CONVERSION OF THE BASIS OF PAYMENT OF COSTS INCURRED FOR SUBCONTRACTORS NOT PROCURED COMPETITIVELY FROM TIME AND MATERIAL TO LUMP SUM FOR THE TERMINAL 2 WEST FEDERAL INSPECTION SERVICES FACILITY:
The Board is requested to
RECOMMENDATION: Adopt Resolution No. 2017-0063, authorizing the review and validation of lump sum cost proposals for subcontractors not procured using a competitive process and, should agreement be reached on a fair and reasonable lump sum value, conversion of the basis of payment for these subcontractors from time and material to lump sum for the Terminal 2 West Federal Inspection Services Facility project at San Diego International Airport.
(Airport Design & Construction: Bob Bolton, Director)

20. DISCUSSION AND POSSIBLE ACTION REGARDING PUBLIC EMPLOYEE COMPENSATION- GENERAL COUNSEL:
The Board is requested to discuss public employee compensation.
RECOMMENDATION: Discuss and possibly take action regarding public employee compensation.
(Authority Board: April C. Boling, Chairman)

21. DISCUSSION AND POSSIBLE ACTION REGARDING PUBLIC EMPLOYEE COMPENSATION- CHIEF AUDITOR:
The Board is requested to discuss public employee compensation.
RECOMMENDATION: Discuss and possibly take action regarding public employee compensation.
(Authority Board: April C. Boling, Chairman)

CLOSED SESSION:

22. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: GGTW LLC v San Diego County Regional Airport Authority, et al., San Diego Superior Court Case No. 37-2016-00032646-CU-BC-CTL

23. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: San Diego County Regional Airport Authority v. American Car Rental, Inc., San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL

24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Dryden Oaks, LLC v. San Diego County Regional Airport Authority, et al., San Diego Superior Court, North County, Case No. 37-2014-00004077-CU-EI-NC

25. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1

26. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Navy Boat Channel Environmental Remediation
Number of potential cases: 1

27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of potential cases: 2

28. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATED LITIGATION:
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
In re Seaport Airlines, Inc., U.S. Bankruptcy Court Case No. 16-30406-rld7
Number of potential cases: 1

29. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of cases: 1

30. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
Cal. Gov. Code §54957
Title: General Counsel

31. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
Cal. Gov. Code §54957
Title: Chief Auditor

REPORT ON CLOSED SESSION:

GENERAL COUNSEL REPORT:

BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REPORTS FOR BOARD MEMBERS, PRESIDENT/CEO, CHIEF AUDITOR AND GENERAL COUNSEL WHEN ATTENDING CONFERENCES, MEETINGS, AND TRAINING AT THE EXPENSE OF THE AUTHORITY:

BOARD COMMENT:

ADJOURNMENT:

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

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

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UPCOMING MEETING SCHEDULE

Date	*Day*	*Time*	*Meeting Type*	*Location*
September 7	Thursday	9:00 a.m.	Regular	Board Room

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

Item 8

Revised 6/22/17

DRAFT
AIRPORT LAND USE COMMISSION
AGENDA

Thursday, July 6, 2017
9:00 A.M. or immediately following the Board Meeting

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

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

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

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

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

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

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

SAN DIEGO
INTERNATIONAL AIRPORT.
LET'S GO.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

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

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

CONSENT AGENDA (Items 1-6):
The Consent Agenda contains items that are routine in nature and non-controversial. It also contains consistency determinations that have been deemed consistent or conditionally consistent. The matters listed under 'Consent Agenda' may be approved by one motion. Any Commission Member may remove an item for separate consideration. Items so removed will be heard before the scheduled New Business items, unless otherwise directed by the Chair.

1. APPROVAL OF MINUTES:
The Airport Land Use Commission is requested to approve minutes of prior meetings.
RECOMMENDATION: Approve the minutes of June 1, 2017, regular meeting.

CONSISTENCY DETERMINATIONS

2. REPORT OF LAND USE ACTIONS DETERMINED TO BE CONSISTENT WITH AIRPORT LAND USE COMPATIBILITY PLANS:
The Commission is requested to receive a report.
RECOMMENDATION: Receive the report.
(Airport Planning: Brendan Reed, Director)

3. **CONSISTENCY DETERMINATION – SAN DIEGO INTERNATIONAL AIRPORT - AIRPORT LAND USE COMPATIBILITY PLAN – CONSTRUCTION OF 17 ATTACHED RESIDENTIAL UNITS WITH LEASABLE OFFICE SPACE AT 2118 & 2130 COLUMBIA STREET, CITY OF SAN DIEGO:**
The Commission is requested to make a consistency determination.
RECOMMENDATION: Adopt Resolution No. 2017-0010 ALUC, making the determination that the project is conditionally consistent with the San Diego International Airport - Airport Land Use Compatibility Plan.
(Airport Planning: Brendan Reed, Director)

4. **CONSISTENCY DETERMINATION – SAN DIEGO INTERNATIONAL AIRPORT - AIRPORT LAND USE COMPATIBILITY PLAN – CONSTRUCTION OF HOTEL AT 2801 INDIA STREET, CITY OF SAN DIEGO:**
The Commission is requested to make a consistency determination.
RECOMMENDATION: Adopt Resolution No. 2017-0011 ALUC, making the determination that the project is conditionally consistent with the San Diego International Airport - Airport Land Use Compatibility Plan.
(Airport Planning: Brendan Reed, Director)

5. **CONSISTENCY DETERMINATION – SAN DIEGO INTERNATIONAL AIRPORT - AIRPORT LAND USE COMPATIBILITY PLAN – CONSTRUCTION OF 28 ATTACHED RESIDENTIAL UNITS AT 3060 BROADWAY, CITY OF SAN DIEGO:**
The Commission is requested to make a consistency determination.
RECOMMENDATION: Adopt Resolution No. 2017-0012 ALUC, making the determination that the project is conditionally consistent with the San Diego International Airport - Airport Land Use Compatibility Plan.
(Airport Planning: Brendan Reed, Director)

6. **CONSISTENCY DETERMINATION – SAN DIEGO INTERNATIONAL AIRPORT - AIRPORT LAND USE COMPATIBILITY PLAN – CONSTRUCTION OF 81 ATTACHED RESIDENTIAL UNITS WITH LEASABLE COMMERCIAL SPACE AT 3233 KEMPER STREET, CITY OF SAN DIEGO:**
The Commission is requested to make a consistency determination.
RECOMMENDATION: Adopt Resolution No. 2017-0013 ALUC, making the determination that the project is conditionally consistent with the San Diego International Airport - Airport Land Use Compatibility Plan.
(Airport Planning: Brendan Reed, Director)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

7. STATUS UPDATE AND POSSIBLE POLICY DIRECTION ON AIRPORT LAND USE COMPATIBILITY PLANS:
The Commission is requested to receive a status update presentation.
RECOMMENDATION: Receive the presentation and possibly provide policy direction to staff.
(Airport Planning: Brendan Reed, Director)

COMMISSION COMMENT:

ADJOURNMENT:

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