

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Board Members

C. April Boling  
Chairman

Greg Cox  
Jim Desmond  
Mark Kersey  
Robert T. Lloyd  
Paul Robinson  
Johanna S. Schiavoni  
Michael Schumacher  
Mark B. West

## EXECUTIVE/FINANCE COMMITTEE and SPECIAL BOARD MEETING

### AGENDA

Thursday, May 23, 2019  
9:00 A.M.

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

## Ex-Officio Board Members

Cory Binns  
Col. Charles B. Dockery  
Jacqueline Wong-Hernandez

## President / CEO

Kimberly J. Becker

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

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

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

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

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

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

**CALL TO ORDER:**

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

***Executive Committee***

Committee Members: Boling (Chairman), Robinson, Schumacher

***Finance Committee***

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

**NON-AGENDA PUBLIC COMMENT**

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

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

**NEW BUSINESS:**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the April 22, 2019 regular meeting.

**FINANCE COMMITTEE NEW BUSINESS:**

**2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE TEN MONTHS ENDED APRIL 30, 2019:**

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

**3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF APRIL 30, 2019:**

Presented by: Geoff Bryant, Manager, Airport Finance

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

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

Presented by: John Dillon, Director, Financial Management

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

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

Presented by: Geoff Bryant, Manager, Airport Finance

**EXECUTIVE COMMITTEE NEW BUSINESS:**

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

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

Presented by Tony R. Russell, Director, Board Services/Authority Clerk

**REVIEW OF FUTURE AGENDAS:**

**7. REVIEW OF THE DRAFT AGENDA FOR THE JUNE 6, 2019 BOARD MEETING:**

Presented by: Kimberly J. Becker, President/CEO

**8. REVIEW OF THE DRAFT AGENDA FOR THE JUNE 6, 2019 AIRPORT LAND USE COMMISSION MEETING:**

Presented by: Kimberly J. Becker, President/CEO

**COMMITTEE MEMBER COMMENTS:**

**ADJOURNMENT:**

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

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the 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 of the agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 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](http://www.san.org).

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

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



**FINANCE COMMITTEE NEW BUSINESS:**

*Board Member Kersey arrived at 9:12 a.m.*

**2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019:**

Kathy Kiefer, Senior Director, Finance and Asset Management, provided a presentation on the Review of the Unaudited Financial Statements for the Nine Months Ended March 31, 2019, that included Enplanements, Gross Landing Weight Units, Operating Revenue, Operating Expenses, Net Operating Income, Nonoperating Revenue & Expenses, and Statements of Net Position.

In response to Chairman Boling regarding whether any adjustments needed in the fiscal year end amounts will be made ahead of time, Ms. Kiefer stated that staff is anticipating doing same as last year to ensure that the information presented is as close as possible to final audits.

In response to Board Member Robinson regarding the number of flights cancelled at SAN due to the grounding of the Boeing 737MAX Aircraft, Kim Becker, President/CEO, stated that staff would send the Board this information.

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

**3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF MARCH 31, 2019:**

Geoff Bryant, Manager, Airport Finance, provided a presentation on the Authority's Investment Report as of March 31, 2019, that included Portfolio Characteristics, Sector Distribution, Quality & Maturity Distribution, Investment Performance, and Bond Proceeds.

**ACTION: Moved by Board Member West and seconded by Board Member Lloyd to forward Items 2 and 3 to the Board for acceptance. Motion carried unanimously, noting Board Member Schiavoni as ABSENT.**

**EXECUTIVE COMMITTEE NEW BUSINESS:**

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

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

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

**REVIEW OF FUTURE AGENDAS**

**5. REVIEW OF THE DRAFT AGENDA FOR THE MAY 2, 2019 BOARD MEETING:**

Kim Becker, President/CEO, provided an overview of the draft agenda for the May 2, 2019, Board meeting.

**6. REVIEW OF THE DRAFT AGENDA FOR THE MAY 2, 2019 AIRPORT LAND USE COMMISSION MEETING:**

Kim Becker, President/CEO, provided an overview of the draft agenda for the May 2, 2019 ALUC meeting.

**CLOSED SESSION:** The Committee recessed into Closed Session at 9:32 a.m. to discuss Items 7 and 8.

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

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

Number of potential cases: 1

**8. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**

Property: Airline Operating and Lease Agreement - San Diego International Airport  
Agency Negotiator: Kim Becker, Scott Brickner, John Dillon, Kathy Kiefer, Amy Gonzalez

Negotiating Parties: Alaska Airlines, Allegiant Airlines, American Airlines, British Airways, Delta Airlines, FedEx, JetBlue Airlines, Southwest Airlines, United Airlines

Under Negotiation: price and terms of payment

**REPORT ON CLOSED SESSION:** The Board adjourned out of Closed Session at 10:55 a.m. There was no reportable action.

**COMMITTEE MEMBER COMMENTS:** None.

**ADJOURNMENT:** The meeting adjourned at 10:55 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY EXECUTIVE COMMITTEE THIS 23<sup>RD</sup> DAY OF MAY, 2019.

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**Statements of Net Position**  
**as of April 30, 2019**  
**(Unaudited)**

**ASSETS**

	April	
	2019	2018
<b>Current assets:</b>		
Cash and investments <sup>(1)</sup>	\$ 134,281,426	\$ 86,681,466
Tenant lease receivable, net of allowance of 2019: (\$208,649) and 2018: (\$211,892)	11,881,146	9,243,936
Grants receivable	4,249,157	6,027,771
Notes receivable-current portion	1,903,323	1,801,694
Prepaid expenses and other current assets	10,595,669	9,097,297
<b>Total current assets</b>	<b>162,910,722</b>	<b>112,852,164</b>
<b>Cash designated for capital projects and other <sup>(1)</sup></b>	<b>27,290,124</b>	<b>24,331,041</b>
<b>Restricted assets:</b>		
Cash and investments:		
Bonds reserve <sup>(1)</sup>	62,346,162	60,779,648
Passenger facility charges and interest unapplied <sup>(1)</sup>	88,692,462	77,963,172
Customer facility charges and interest unapplied <sup>(1)</sup>	40,808,936	42,980,795
SBD Bond Guarantee <sup>(1)</sup>	4,000,000	4,000,000
Bond proceeds held by trustee <sup>(1)</sup>	235,113,918	334,272,054
Passenger facility charges receivable	8,528,770	5,478,803
Customer facility charges receivable	3,725,163	4,022,690
OCIP insurance reserve	5,554,294	5,136,856
<b>Total restricted assets</b>	<b>448,769,705</b>	<b>534,634,018</b>
<b>Noncurrent assets:</b>		
<b>Capital assets:</b>		
Land and land improvements	135,158,592	127,171,322
Runways, roads and parking lots	681,524,197	652,240,421
Buildings and structures	1,687,902,427	1,431,853,621
Machinery and equipment	59,099,242	56,886,948
Vehicles	25,107,675	18,142,271
Office furniture and equipment	37,225,538	36,836,985
Works of art	12,567,380	10,065,769
Construction-in-progress	174,847,572	329,728,412
	<b>2,813,432,623</b>	<b>2,662,925,749</b>
Less accumulated depreciation	(1,089,243,608)	(979,458,165)
<b>Total capital assets, net</b>	<b>1,724,189,015</b>	<b>1,683,467,584</b>
<b>Other assets:</b>		
Notes receivable - long-term portion	29,759,210	31,746,788
Investments-long-term portion <sup>(1)</sup>	161,879,863	171,230,543
Net OPEB Asset	394,547	-
Security deposit	130,611	349,943
<b>Total other assets</b>	<b>192,164,231</b>	<b>203,327,274</b>
<b>Deferred outflows of resources:</b>		
Deferred pension outflows	23,293,050	20,987,675
Deferred OPEB outflows	976,558	-
Deferred POB outflows	505,326	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,580,098,731</b>	<b>\$ 2,579,599,756</b>

<sup>(1)</sup> Total cash and investments, \$754,412,891 for 2019 and \$802,238,720 for 2018



**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**Statements of Net Position**  
**as of April 30, 2019**  
**(Unaudited)**

**LIABILITIES AND NET POSITION**

	April	
	2019	2018
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 56,678,197	\$ 66,003,352
Deposits and other current liabilities	6,934,695	10,803,862
<b>Total current liabilities</b>	<b>63,612,892</b>	<b>76,807,214</b>
<b>Current liabilities - payable from restricted assets:</b>		
Current portion of long-term debt	22,865,000	17,070,000
Accrued interest on bonds and variable debt	26,156,049	26,467,337
<b>Total liabilities payable from restricted assets</b>	<b>49,021,049</b>	<b>43,537,337</b>
<b>Long-term liabilities:</b>		
Variable debt	20,163,000	26,448,000
Other long-term liabilities	8,891,905	7,807,335
Long term debt - bonds net of amortized premium	1,559,700,240	1,593,853,965
Net pension liability	18,373,191	18,743,453
<b>Total long-term liabilities</b>	<b>1,607,128,336</b>	<b>1,646,852,753</b>
<b>Total liabilities</b>	<b>1,719,762,277</b>	<b>1,767,197,304</b>
<b>Deferred inflows of resources:</b>		
Deferred pension inflows	6,235,495	3,506,867
Deferred OPEB inflows	507,578	-
Deferred POB inflows	178,971	-
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 1,726,684,321</b>	<b>\$ 1,770,704,171</b>
<b>Net Position:</b>		
Invested in capital assets, net of related debt	349,634,217	373,111,034
Other restricted	213,577,849	197,634,108
Unrestricted:		
Designated	27,290,124	24,331,041
Undesignated	262,912,220	213,819,402
<b>Total Net Position</b>	<b>\$ 853,414,410</b>	<b>\$ 808,895,585</b>

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Month Ended April 30, 2019**  
(Unaudited)

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Operating revenues:</b>					
Aviation revenue:					
Landing fees	\$ 2,293,946	\$ 2,314,527	\$ 20,581	1%	\$ 2,328,833
Aircraft parking Fees	268,594	288,858	20,264	8%	271,745
Building rentals	6,058,623	6,051,881	(6,742)	-	5,022,955
Security surcharge	2,920,454	2,916,308	(4,146)	-	2,753,711
CUPPS Support Charges	114,980	114,723	(257)	-	117,565
Other aviation revenue	15,417	16,815	1,398	9%	17,103
Terminal rent non-airline	174,165	177,743	3,578	2%	178,856
Terminal concessions	2,382,869	2,708,817	325,948	14%	2,434,228
Rental car license fees	2,474,905	2,694,165	219,260	9%	2,533,550
Rental car center cost recovery	159,412	161,246	1,834	1%	140,831
License fees other	486,510	607,033	120,523	25%	449,090
Parking revenue	3,706,014	3,872,055	166,041	4%	3,859,559
Ground transportation permits and citations	1,320,585	1,495,485	174,900	13%	887,956
Ground rentals	1,661,979	1,731,253	69,274	4%	1,647,785
Grant reimbursements	24,000	34,377	10,377	43%	66,180
Other operating revenue	64,922	163,187	98,265	151%	107,925
<b>Total operating revenues</b>	<b>24,127,375</b>	<b>25,348,473</b>	<b>1,221,098</b>	<b>5%</b>	<b>22,817,872</b>
<b>Operating expenses:</b>					
Salaries and benefits	3,893,352	3,763,080	130,272	3%	3,740,870
Contractual services	4,059,818	4,454,705	(394,887)	(10)%	3,777,158
Safety and security	2,608,388	2,334,896	273,492	10%	2,423,813
Space rental	850,063	850,155	(92)	-	850,605
Utilities	1,070,176	998,225	71,951	16%	1,068,778
Maintenance	1,283,185	1,449,957	(166,772)	(13)%	1,257,951
Equipment and systems	14,861	50,003	(35,142)	(236)%	73,209
Materials and supplies	49,813	79,886	(30,073)	(60)%	43,379
Insurance	94,646	91,172	3,474	4%	87,156
Employee development and support	107,121	92,403	14,718	14%	119,491
Business development	267,738	107,546	160,192	60%	780,526
Equipment rentals and repairs	437,678	487,302	(49,624)	(11)%	302,816
<b>Total operating expenses</b>	<b>14,736,839</b>	<b>14,759,330</b>	<b>(22,491)</b>	<b>-</b>	<b>14,525,752</b>
Depreciation	10,158,700	10,158,700	-	-	9,310,097
<b>Operating income (loss)</b>	<b>(768,164)</b>	<b>430,443</b>	<b>1,198,607</b>	<b>156%</b>	<b>(1,017,977)</b>
<b>Nonoperating revenue (expenses):</b>					
Passenger facility charges	4,096,077	4,304,188	208,111	5%	4,034,604
Customer facility charges (Rental Car Center)	3,395,516	3,508,240	112,724	3%	3,733,514
Quieter Home Program	(104,930)	(253,220)	(148,290)	141%	(442,768)
Interest income	1,138,353	1,722,215	583,862	51%	1,118,801
BAB interest rebate	385,935	390,515	4,580	1%	388,849
Interest expense	(6,679,275)	(6,664,711)	14,564	-	(6,255,183)
Bond amortization costs	467,544	467,544	-	-	481,127
Other nonoperating income (expenses)	-	(163,880)	(163,880)	-	(1,179,453)
<b>Nonoperating revenue, net</b>	<b>2,699,220</b>	<b>3,310,891</b>	<b>611,671</b>	<b>23%</b>	<b>1,879,491</b>
<b>Change in net position before capital grant contributions</b>	<b>1,931,056</b>	<b>3,741,334</b>	<b>1,810,278</b>	<b>(94)%</b>	<b>861,514</b>
Capital grant contributions	370,873	67,023	(303,850)	(82)%	1,040,419
<b>Change in net position</b>	<b>\$ 2,301,929</b>	<b>\$ 3,808,357</b>	<b>\$ 1,506,428</b>	<b>65%</b>	<b>\$ 1,901,933</b>

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Ten Months Ended April 30, 2019 and 2018**  
**(Unaudited)**

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Operating revenues:</b>					
Aviation revenue:					
Landing fees	\$ 22,736,281	\$ 22,741,449	\$ 5,168	-	\$ 22,053,424
Aircraft parking fees	2,685,940	2,893,647	207,707	8%	2,672,167
Building rentals	58,651,420	58,335,186	(316,234)	(1)%	49,608,093
Security surcharge	29,183,805	28,301,890	(881,915)	(3)%	27,442,776
CUPPS Support Charges	1,148,501	1,148,627	126	-	1,169,445
Other aviation revenue	151,516	156,992	5,476	4%	154,871
Terminal rent non-airline	1,784,965	1,807,660	22,695	1%	1,678,530
Terminal concessions	23,002,732	24,422,115	1,419,383	6%	23,218,610
Rental car license fees	24,339,137	26,838,161	2,499,024	10%	24,506,434
Rental car center cost recovery	1,594,122	1,658,216	64,094	4%	1,184,425
License fees other	4,815,711	5,502,156	686,445	14%	4,605,806
Parking revenue	38,074,664	38,139,224	64,560	-	35,417,722
Ground transportation permits and citations	12,142,520	13,416,190	1,273,670	10%	7,977,968
Ground rentals	16,634,776	17,425,930	791,154	5%	16,753,242
Grant reimbursements	411,950	437,691	25,741	6%	442,323
Other operating revenue	642,260	1,524,766	882,506	137%	1,210,104
<b>Total operating revenues</b>	<b>238,000,300</b>	<b>244,749,900</b>	<b>6,749,600</b>	<b>3%</b>	<b>220,095,940</b>
<b>Operating expenses:</b>					
Salaries and benefits	40,620,255	39,734,990	885,265	2%	38,707,608
Contractual services	41,058,161	40,924,510	133,651	-	37,037,691
Safety and security	27,330,639	25,953,802	1,376,837	5%	25,266,738
Space rental	8,493,125	8,491,800	1,325	-	8,493,726
Utilities	11,191,728	11,217,361	(25,633)	-	10,248,587
Maintenance	11,035,547	10,792,112	243,435	2%	9,881,512
Equipment and systems	241,889	270,251	(28,362)	(12)%	355,151
Materials and supplies	448,955	468,456	(19,501)	(4)%	475,625
Insurance	1,058,277	1,016,891	41,386	4%	923,554
Employee development and support	924,975	844,041	80,934	9%	1,012,472
Business development	2,686,647	2,183,637	503,010	19%	2,665,231
Equipment rentals and repairs	3,100,892	3,200,067	(99,175)	(3)%	2,553,122
<b>Total operating expenses</b>	<b>148,191,090</b>	<b>145,097,918</b>	<b>3,093,172</b>	<b>2%</b>	<b>137,621,017</b>
Depreciation	96,453,927	96,453,927	-	-	86,837,472
<b>Operating income (loss)</b>	<b>(6,644,717)</b>	<b>3,198,055</b>	<b>9,842,772</b>	<b>148%</b>	<b>(4,362,549)</b>
<b>Nonoperating revenue (expenses):</b>					
Passenger facility charges	38,184,524	40,449,428	2,264,904	6%	37,203,129
Customer facility charges (Rental Car Center)	33,750,074	34,335,942	585,868	2%	33,602,901
Quieter Home Program	(2,843,773)	(2,657,874)	185,899	7%	(1,834,964)
Interest income	11,747,440	13,829,975	2,082,535	18%	10,741,437
BAB interest rebate	3,859,349	3,905,145	45,796	1%	3,888,492
Interest expense	(66,353,434)	(66,804,735)	(451,301)	(1)%	(62,372,083)
Bond amortization costs	4,745,455	4,745,455	-	-	4,727,220
Other nonoperating income (expenses)	-	4,919,080	4,919,080	-	(4,635,247)
<b>Nonoperating revenue, net</b>	<b>23,089,635</b>	<b>32,722,416</b>	<b>9,632,781</b>	<b>42%</b>	<b>21,320,885</b>
<b>Change in net position before capital grant contributions</b>	<b>16,444,918</b>	<b>35,920,471</b>	<b>19,475,553</b>	<b>(118)%</b>	<b>16,958,336</b>
Capital grant contributions	7,540,170	7,569,230	29,060	0%	8,764,215
<b>Change in net position</b>	<b>\$ 23,985,088</b>	<b>43,489,701</b>	<b>\$ 19,504,613</b>	<b>81%</b>	<b>\$ 25,722,551</b>



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

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	Month to Date					Year to Date				
	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
<b>Landing Fees</b>										
41112 - Landing Fees - Signatory	\$2,303,176	\$2,323,235	\$20,059	1	\$2,355,557	\$22,903,897	\$22,899,703	\$(4,194)	0	\$22,126,368
41113 - Landing Fee Rebate	(9,230)	(8,708)	522	6	(26,724)	(167,616)	(158,254)	9,362	6	(72,944)
<b>Total Landing Fees</b>	<b>2,293,946</b>	<b>2,314,527</b>	<b>20,581</b>	<b>1</b>	<b>2,328,833</b>	<b>22,736,281</b>	<b>22,741,449</b>	<b>5,169</b>	<b>0</b>	<b>22,053,423</b>
<b>Aircraft Parking Fees</b>										
41150 - Terminal Aircraft Parking	228,051	238,180	10,129	4	226,455	2,280,515	2,381,801	101,286	4	2,254,484
41155 - Remote Aircraft Parking	40,542	50,678	10,135	25	45,291	405,425	511,846	106,421	26	417,683
<b>Total Aircraft Parking Fees</b>	<b>268,594</b>	<b>288,858</b>	<b>20,264</b>	<b>8</b>	<b>271,746</b>	<b>2,685,940</b>	<b>2,893,647</b>	<b>207,707</b>	<b>8</b>	<b>2,672,167</b>
<b>Building and Other Rents</b>										
41210 - Terminal Rent	5,622,398	5,711,145	88,747	2	4,929,388	55,468,134	55,505,707	37,573	0	48,798,545
41215 - Federal Inspection Services	436,225	340,736	(95,489)	(22)	93,565	3,183,286	2,829,479	(353,807)	(11)	809,548
<b>Total Building and Other Rents</b>	<b>6,058,623</b>	<b>6,051,881</b>	<b>(6,742)</b>	<b>0</b>	<b>5,022,953</b>	<b>58,651,420</b>	<b>58,335,186</b>	<b>(316,233)</b>	<b>(1)</b>	<b>49,608,093</b>
<b>Security Surcharge</b>										
41310 - Airside Security Charges	686,677	684,971	(1,705)	0	666,468	6,858,246	6,481,604	(376,642)	(5)	6,630,043
41320 - Terminal Security Charge	2,233,777	2,231,337	(2,440)	0	2,087,243	22,325,559	21,820,286	(505,274)	(2)	20,812,733
<b>Total Security Surcharge</b>	<b>2,920,454</b>	<b>2,916,308</b>	<b>(4,145)</b>	<b>0</b>	<b>2,753,711</b>	<b>29,183,806</b>	<b>28,301,890</b>	<b>(881,916)</b>	<b>(3)</b>	<b>27,442,776</b>
<b>CUPPS Support Charges</b>										
41400 - CUPPS Support Charges	114,980	114,723	(257)	0	117,565	1,148,501	1,148,627	126	0	1,169,445
<b>Total CUPPS Support Charges</b>	<b>114,980</b>	<b>114,723</b>	<b>(257)</b>	<b>0</b>	<b>117,565</b>	<b>1,148,501</b>	<b>1,148,627</b>	<b>126</b>	<b>0</b>	<b>1,169,445</b>
<b>Other Aviation Revenue</b>										
43100 - Fuel Franchise Fees	15,417	16,815	1,398	9	17,103	151,516	156,992	5,476	4	154,871
<b>Total Other Aviation Revenue</b>	<b>15,417</b>	<b>16,815</b>	<b>1,398</b>	<b>9</b>	<b>17,103</b>	<b>151,516</b>	<b>156,992</b>	<b>5,476</b>	<b>4</b>	<b>154,871</b>
<b>Non-Airline Terminal Rents</b>										
45010 - Terminal Rent - Non-Airline	174,165	177,743	3,578	2	178,856	1,784,965	1,807,660	22,695	1	1,678,530
<b>Total Non-Airline Terminal Rents</b>	<b>174,165</b>	<b>177,743</b>	<b>3,578</b>	<b>2</b>	<b>178,856</b>	<b>1,784,965</b>	<b>1,807,660</b>	<b>22,695</b>	<b>1</b>	<b>1,678,530</b>

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<b>Concession Revenue</b>										
45111 - Term Concessions-Food & Bev	\$1,041,348	\$1,268,564	\$227,216	22	\$1,121,176	\$10,248,549	\$11,349,975	\$1,101,425	11	\$10,205,058
45112 - Terminal Concessions - Retail	639,125	716,203	77,078	12	642,605	6,337,926	6,679,017	341,091	5	6,305,385
45113 - Term Concessions - Other	307,783	319,952	12,169	4	283,862	2,414,453	2,379,353	(35,100)	(1)	2,854,044
45114 - Term Concessions Space Rents	76,765	78,832	2,068	3	77,915	767,647	788,325	20,678	3	753,448
45115 - Term Concessions Cost Recovery	127,929	125,341	(2,588)	(2)	117,643	1,343,201	1,273,993	(69,208)	(5)	1,236,773
45116 - Rec Distr Center Cost Recovery	135,005	134,322	(683)	(1)	132,450	1,338,059	1,336,127	(1,932)	0	1,304,989
45117 - Concessions Marketing Program	54,914	65,603	10,689	19	58,577	552,897	615,326	62,429	11	558,913
45120 - Rental car license fees	2,474,905	2,694,165	219,260	9	2,533,550	24,339,137	26,838,161	2,499,024	10	24,506,434
45121 - Rental Car Center Cost Recover	159,412	161,246	1,834	1	140,831	1,594,122	1,658,216	64,094	4	1,184,425
45130 - License Fees - Other	486,510	607,033	120,523	25	449,090	4,815,711	5,502,156	686,445	14	4,605,806
<b>Total Concession Revenue</b>	<b>5,503,695</b>	<b>6,171,260</b>	<b>667,565</b>	<b>12</b>	<b>5,557,700</b>	<b>53,751,702</b>	<b>58,420,648</b>	<b>4,668,946</b>	<b>9</b>	<b>53,515,275</b>
<b>Parking and Ground Transportat</b>										
45210 - Parking	3,706,014	3,872,055	166,041	4	3,859,559	38,074,664	38,139,224	64,560	0	35,417,722
45220 - AVI fees	1,305,173	1,430,660	125,487	10	839,299	11,812,732	13,006,025	1,193,293	10	7,566,296
45240 - Ground Transportation Pe	0	40,822	40,822	0	12,540	153,000	204,202	51,202	33	196,568
45250 - Citations	15,412	24,003	8,591	56	36,117	176,788	205,963	29,175	17	215,104
<b>Total Parking and Ground Transportat</b>	<b>5,026,599</b>	<b>5,367,541</b>	<b>340,941</b>	<b>7</b>	<b>4,747,515</b>	<b>50,217,183</b>	<b>51,555,413</b>	<b>1,338,230</b>	<b>3</b>	<b>43,395,690</b>
<b>Ground Rentals</b>										
45310 - Ground Rental Fixed - N	1,661,979	1,731,254	69,275	4	1,647,785	16,634,776	17,425,930	791,154	5	16,753,242
<b>Total Ground Rentals</b>	<b>1,661,979</b>	<b>1,731,254</b>	<b>69,275</b>	<b>4</b>	<b>1,647,785</b>	<b>16,634,776</b>	<b>17,425,930</b>	<b>791,154</b>	<b>5</b>	<b>16,753,242</b>
<b>Grant Reimbursements</b>										
45410 - TSA Reimbursements	24,000	24,000	0	0	24,000	243,200	243,200	0	0	243,200
45420 - Planning Grants	0	10,377	10,377	0	42,180	168,750	194,491	25,741	15	199,123
<b>Total Grant Reimbursements</b>	<b>24,000</b>	<b>34,377</b>	<b>10,377</b>	<b>43</b>	<b>66,180</b>	<b>411,950</b>	<b>437,691</b>	<b>25,741</b>	<b>6</b>	<b>442,323</b>

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<b>Other Operating Revenue</b>										
45510 - Finger Printing Fee	\$18,926	\$21,402	\$2,476	13	\$20,296	\$189,258	\$219,001	\$29,743	16	\$214,384
45520 - Utilities Reimbursements	17,120	16,686	(435)	(3)	17,117	171,205	170,743	(462)	0	166,634
45530 - Miscellaneous Other Reve	4,274	9,811	5,537	130	2,434	42,737	215,348	172,611	404	296,031
45535 - Innovation Lab Revenue	0	500	500	0	0	0	1,000	1,000	0	0
45540 - Service Charges	7,314	1,625	(5,689)	(78)	39,509	73,139	441,617	368,478	504	331,150
45550 - Telecom Services	0	93,823	93,823	0	0	0	277,701	277,701	0	0
45570 - FBO Landing Fees	16,128	18,181	2,053	13	27,408	161,281	194,716	33,434	21	197,265
45580 - Equipment Rental	1,160	1,160	0	0	1,160	4,640	4,640	0	0	4,640
<b>Total Other Operating Revenue</b>	<b>64,922</b>	<b>163,187</b>	<b>98,266</b>	<b>151</b>	<b>107,925</b>	<b>642,259</b>	<b>1,524,766</b>	<b>882,506</b>	<b>137</b>	<b>1,210,103</b>
<b>Total Operating Revenue</b>	<b>24,127,375</b>	<b>25,348,474</b>	<b>1,221,100</b>	<b>5</b>	<b>22,817,873</b>	<b>238,000,298</b>	<b>244,749,899</b>	<b>6,749,601</b>	<b>3</b>	<b>220,095,938</b>
<b>Personnel Expenses</b>										
<b>Salaries</b>										
51110 - Salaries & Wages	2,948,316	2,363,790	584,526	20	2,313,629	30,710,148	24,744,028	5,966,121	19	23,994,735
51210 - Paid Time Off	29,167	233,739	(204,572)	(701)	273,167	291,667	2,878,634	(2,586,967)	(887)	2,904,585
51220 - Holiday Pay	0	54,426	(54,426)	0	55,683	0	660,346	(660,346)	0	667,649
51240 - Other Leave With Pay	0	3,215	(3,215)	0	6,036	0	90,740	(90,740)	0	105,765
51250 - Special Pay	0	9,564	(9,564)	0	8,110	0	230,313	(230,313)	0	154,142
<b>Total Salaries</b>	<b>2,977,482</b>	<b>2,664,734</b>	<b>312,748</b>	<b>11</b>	<b>2,656,624</b>	<b>31,001,815</b>	<b>28,604,061</b>	<b>2,397,754</b>	<b>8</b>	<b>27,826,876</b>
52110 - Overtime	58,986	65,306	(6,321)	(11)	60,196	559,380	673,732	(114,352)	(20)	599,470

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<b>Benefits</b>										
54110 - FICA Tax	\$216,167	\$200,044	\$16,123	7	\$202,667	\$2,352,157	\$2,095,624	\$256,532	11	\$2,031,144
54120 - Unemployment Insurance-S	0	0	0	0	0	0	10,526	(10,526)	0	33,636
54130 - Workers Compensation Ins	24,017	14,165	9,852	41	14,043	239,524	155,498	84,026	35	153,000
54135 - Workers Comp Incident Expense	0	9,420	(9,420)	0	2,030	0	1,953	(1,953)	0	62,646
54210 - Medical Insurance	376,115	364,251	11,864	3	322,546	3,683,905	3,464,977	218,928	6	3,179,824
54220 - Dental Insurance	28,150	26,888	1,261	4	26,004	274,887	257,537	17,350	6	255,554
54230 - Vision Insurance	3,471	3,169	302	9	3,252	34,694	32,302	2,393	7	32,052
54240 - Life Insurance	9,976	7,257	2,719	27	9,043	99,536	82,096	17,440	18	86,587
54250 - Short Term Disability	10,909	9,557	1,352	12	10,423	107,560	101,037	6,523	6	101,886
54310 - Retirement	746,308	718,020	28,288	4	712,175	7,670,985	7,433,182	237,803	3	5,575,626
54312 - Pension - GASB 68	0	0	0	0	0	0	455,924	(455,924)	0	2,010,451
54314 - OPEB - GASB 75	0	0	0	0	0	0	(185,435)	185,435	0	0
54315 - Retiree Health Benefits	13,016	12,950	66	1	178,767	602,065	582,309	19,756	3	1,767,817
54410 - Taxable Benefits	0	0	0	0	0	0	24,457	(24,457)	0	(4,233)
54430 - Accrued Vacation	0	82,841	(82,841)	0	34,790	0	248,850	(248,850)	0	56,518
54440 - Relocation	0	0	0	0	0	0	37,950	(37,950)	0	73,425
<b>Total Benefits</b>	<b>1,428,129</b>	<b>1,448,563</b>	<b>(20,434)</b>	<b>(1)</b>	<b>1,515,738</b>	<b>15,065,313</b>	<b>14,798,787</b>	<b>266,526</b>	<b>2</b>	<b>15,415,934</b>
<b>Cap Labor/Burden/OH Recharge</b>										
54510 - Capitalized Labor Recha	(522,740)	(86,343)	(436,396)	(83)	(107,087)	(5,504,596)	(1,047,969)	(4,456,627)	(81)	(1,185,140)
54515 - Capitalized Burden Rech	0	(41,484)	41,484	0	(46,858)	0	(467,252)	467,252	0	(492,212)
54599 - OH Contra	0	(234,597)	234,597	0	(273,835)	0	(2,258,096)	2,258,096	0	(2,938,897)
<b>Total Cap Labor/Burden/OH Recharge</b>	<b>(522,740)</b>	<b>(362,424)</b>	<b>(160,316)</b>	<b>(31)</b>	<b>(427,781)</b>	<b>(5,504,596)</b>	<b>(3,773,317)</b>	<b>(1,731,279)</b>	<b>(31)</b>	<b>(4,616,249)</b>
<b>QHP Labor/Burden/OH Recharge</b>										
54520 - QHP Labor Recharge	(48,504)	(21,875)	(26,629)	(55)	(29,772)	(501,657)	(263,955)	(237,702)	(47)	(238,284)
54525 - QHP Burden Recharge	0	(11,120)	11,120	0	(14,133)	0	(124,384)	124,384	0	(106,957)
54526 - QHP OH Contra Acct	0	(19,317)	19,317	0	(20,002)	0	(173,562)	173,562	0	(165,699)
<b>Total QHP Labor/Burden/OH Recharge</b>	<b>(48,504)</b>	<b>(52,312)</b>	<b>3,808</b>	<b>8</b>	<b>(63,907)</b>	<b>(501,657)</b>	<b>(561,901)</b>	<b>60,244</b>	<b>12</b>	<b>(510,940)</b>

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<b>MM&amp;JS Labor/Burden/OH Recharge</b>										
54530 - MM & JS Labor Recharge	\$0	\$(787)	\$787	0	\$(887)	\$0	\$(8,475)	\$8,475	0	\$(15,894)
54531 - Joint Studies - Labor	0	0	0	0	887	0	2,102	(2,102)	0	8,412
54535 - MM & JS Burden Recharge	0	0	0	0	(462)	0	(743)	743	0	(3,499)
54536 - Maintenance-Burden	0	0	0	0	462	0	743	(743)	0	3,499
<b>Total MM&amp;JS Labor/Burden/OH Recharge</b>	<b>0</b>	<b>(787)</b>	<b>787</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,373)</b>	<b>6,373</b>	<b>0</b>	<b>(7,481)</b>
<b>Total Personnel Expenses</b>	<b>3,893,352</b>	<b>3,763,081</b>	<b>130,272</b>	<b>3</b>	<b>3,740,871</b>	<b>40,620,255</b>	<b>39,734,990</b>	<b>885,265</b>	<b>2</b>	<b>38,707,609</b>
<b>Non-Personnel Expenses</b>										
<b>Contract Services</b>										
61100 - Temporary Staffing	19,570	34,460	(14,890)	(76)	68,562	338,015	497,430	(159,415)	(47)	388,096
61110 - Auditing Services	0	0	0	0	0	102,900	102,900	0	0	107,900
61120 - Legal Services	57,000	4,741	52,259	92	50,803	597,000	435,719	161,281	27	485,053
61130 - Services - Professional	961,402	1,005,991	(44,590)	(5)	911,267	10,877,309	9,839,122	1,038,187	10	9,065,499
61150 - Outside Svs - Other	347,149	370,717	(23,568)	(7)	324,725	3,846,777	3,357,456	489,321	13	3,114,200
61160 - Services - Custodial	2,796,207	2,997,441	(201,234)	(7)	2,415,878	26,319,325	26,774,745	(455,420)	(2)	24,120,312
61190 - Receiving & Dist Cntr Services	141,513	140,218	1,295	1	139,454	1,402,508	1,403,142	(635)	0	1,373,569
61990 - OH Contra	(263,022)	(98,864)	(164,158)	(62)	(133,531)	(2,425,673)	(1,486,004)	(939,669)	(39)	(1,616,938)
<b>Total Contract Services</b>	<b>4,059,818</b>	<b>4,454,705</b>	<b>(394,887)</b>	<b>(10)</b>	<b>3,777,158</b>	<b>41,058,161</b>	<b>40,924,510</b>	<b>133,651</b>	<b>0</b>	<b>37,037,691</b>
<b>Safety and Security</b>										
61170 - Services - Fire, Police,	513,364	435,918	77,445	15	469,419	5,339,225	5,352,199	(12,974)	0	5,010,142
61180 - Services - SDUPD-Harbor	1,591,536	1,469,102	122,434	8	1,507,265	17,029,431	15,963,119	1,066,312	6	15,763,043
61185 - Guard Services	324,322	331,211	(6,889)	(2)	311,163	3,210,316	3,249,937	(39,622)	(1)	3,154,087
61188 - Other Safety & Security Serv	179,167	98,665	80,502	45	135,966	1,751,667	1,388,546	363,121	21	1,339,466
<b>Total Safety and Security</b>	<b>2,608,388</b>	<b>2,334,896</b>	<b>273,491</b>	<b>10</b>	<b>2,423,813</b>	<b>27,330,638</b>	<b>25,953,802</b>	<b>1,376,836</b>	<b>5</b>	<b>25,266,738</b>
<b>Space Rental</b>										
62100 - Rent	850,063	850,155	(93)	0	850,605	8,493,125	8,491,800	1,325	0	8,493,726
<b>Total Space Rental</b>	<b>850,063</b>	<b>850,155</b>	<b>(93)</b>	<b>0</b>	<b>850,605</b>	<b>8,493,125</b>	<b>8,491,800</b>	<b>1,325</b>	<b>0</b>	<b>8,493,726</b>



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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
<b>Utilities</b>										
63100 - Telephone & Other Commun	\$47,835	\$45,357	\$2,478	5	\$50,366	\$476,382	\$444,409	\$31,973	7	\$435,819
63110 - Utilities - Gas & Electr	916,475	866,024	50,451	6	924,513	9,691,271	9,722,042	(30,770)	0	8,860,819
63120 - Utilities - Water	105,866	86,844	19,021	18	93,897	1,024,074	1,051,739	(27,665)	(3)	952,987
63190 - OH Contra	0	0	0	0	2	0	(829)	829	0	(1,038)
<b>Total Utilities</b>	<b>1,070,175</b>	<b>998,225</b>	<b>71,950</b>	<b>7</b>	<b>1,068,778</b>	<b>11,191,728</b>	<b>11,217,361</b>	<b>(25,633)</b>	<b>0</b>	<b>10,248,587</b>
<b>Maintenance</b>										
64100 - Facilities Supplies	45,633	82,524	(36,891)	(81)	55,252	481,016	610,575	(129,559)	(27)	646,526
64110 - Maintenance - Annual R	915,747	715,360	200,388	22	936,023	8,151,203	7,867,863	283,340	3	7,617,341
64122 - Contractor Labor	0	0	0	0	0	0	0	0	0	164
64123 - Contractor Burden	0	0	0	0	0	0	0	0	0	209
64124 - Maintenance-Overhead	0	0	0	0	77	0	2,644	(2,644)	0	1,538
64125 - Major Maintenance - Mat	293,305	592,895	(299,590)	(102)	250,700	1,959,328	1,875,362	83,966	4	1,251,371
64127 - Contract Overhead (co	0	0	0	0	0	0	0	0	0	461
64130 - Remediation	0	0	0	0	0	0	0	0	0	(19)
64140 - Refuse & Hazardous Waste	28,500	59,178	(30,678)	(108)	15,899	444,000	435,668	8,332	2	363,921
<b>Total Maintenance</b>	<b>1,283,186</b>	<b>1,449,957</b>	<b>(166,772)</b>	<b>(13)</b>	<b>1,257,951</b>	<b>11,035,547</b>	<b>10,792,112</b>	<b>243,435</b>	<b>2</b>	<b>9,881,513</b>
<b>Equipment and Systems</b>										
65100 - Equipment & Systems	15,485	56,485	(41,000)	(265)	73,195	252,032	279,309	(27,277)	(11)	356,526
65101 - OH Contra	(624)	(6,482)	5,858	938	14	(10,143)	(9,058)	(1,086)	(11)	(1,375)
<b>Total Equipment and Systems</b>	<b>14,861</b>	<b>50,003</b>	<b>(35,142)</b>	<b>(236)</b>	<b>73,209</b>	<b>241,889</b>	<b>270,251</b>	<b>(28,362)</b>	<b>(12)</b>	<b>355,151</b>
<b>Materials and Supplies</b>										
65110 - Office & Operating Suppl	47,368	74,666	(27,297)	(58)	43,405	368,281	371,070	(2,789)	(1)	389,588
65120 - Safety Equipment & Suppl	4,731	4,215	516	11	1,728	88,512	106,958	(18,446)	(21)	62,676
65130 - Tools - Small	4,167	2,424	1,743	42	1,580	42,167	14,674	27,493	65	47,356
65199 - OH Contra	(6,453)	(1,419)	(5,034)	(78)	(3,333)	(50,005)	(24,246)	(25,760)	(52)	(23,995)
<b>Total Materials and Supplies</b>	<b>49,813</b>	<b>79,886</b>	<b>(30,073)</b>	<b>(60)</b>	<b>43,379</b>	<b>448,955</b>	<b>468,455</b>	<b>(19,501)</b>	<b>(4)</b>	<b>475,626</b>

**San Diego County Regional Airport Authority**  
**Authority Detail Income Statement - Supplemental Schedule**  
For the ten months ended April 30, 2019  
(Unaudited)

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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
<b>Insurance</b>										
67170 - Insurance - Property	\$54,700	\$52,678	\$2,022	4	\$43,466	\$547,000	\$526,776	\$20,224	4	\$431,841
67171 - Insurance - Liability	12,180	11,825	355	3	11,825	121,800	118,250	3,550	3	118,248
67172 - Insurance - Public Offic	15,485	15,033	452	3	15,034	155,800	150,838	4,962	3	151,290
67173 - Insurance Miscellaneous	12,281	11,636	645	5	16,832	233,677	221,027	12,650	5	222,175
<b>Total Insurance</b>	<b>94,646</b>	<b>91,172</b>	<b>3,474</b>	<b>4</b>	<b>87,156</b>	<b>1,058,277</b>	<b>1,016,891</b>	<b>41,386</b>	<b>4</b>	<b>923,554</b>
<b>Employee Development and Suppo</b>										
66120 - Awards - Service	1,067	3,388	(2,320)	(217)	11,935	63,482	63,301	181	0	57,702
66130 - Book & Periodicals	4,528	10,485	(5,957)	(132)	3,279	48,230	42,309	5,921	12	39,594
66220 - Permits/Certificates/Lic	5,333	8,544	(3,211)	(60)	2,956	123,249	99,450	23,799	19	140,034
66260 - Recruiting	800	3,193	(2,393)	(299)	39,037	23,800	11,713	12,087	51	152,205
66280 - Seminars & Training	48,249	27,832	20,417	42	23,502	281,886	272,354	9,532	3	231,870
66290 - Transportation	12,649	11,776	873	7	11,286	124,365	112,276	12,089	10	109,517
66299 - OH Contra	(2,356)	(1,413)	(944)	(40)	(114)	(36,622)	(24,953)	(11,668)	(32)	(23,881)
66305 - Travel-Employee Developm	23,640	15,714	7,926	34	21,309	191,566	178,107	13,459	7	198,374
66310 - Tuition	3,333	2,305	1,028	31	2,511	38,334	25,555	12,779	33	37,994
66320 - Uniforms	9,878	10,579	(702)	(7)	3,791	66,685	63,929	2,756	4	69,063
<b>Total Employee Development and Suppo</b>	<b>107,121</b>	<b>92,403</b>	<b>14,717</b>	<b>14</b>	<b>119,491</b>	<b>924,976</b>	<b>844,041</b>	<b>80,935</b>	<b>9</b>	<b>1,012,471</b>
<b>Business Development</b>										
66100 - Advertising	32,710	41,507	(8,797)	(27)	38,188	840,160	824,475	15,685	2	490,273
66110 - Allowance for Bad Debts	825	0	825	100	0	8,325	2,001	6,324	76	(4,967)
66200 - Memberships & Dues	17,757	25,921	(8,164)	(46)	20,414	406,073	371,429	34,644	9	402,990
66230 - Postage & Shipping	1,678	2,278	(600)	(36)	(1,156)	18,907	18,213	694	4	16,923
66240 - Promotional Activities	197,727	10,928	186,799	94	709,757	1,183,890	705,326	478,563	40	1,594,004
66250 - Promotional Materials	2,541	8,127	(5,585)	(220)	1,846	46,542	55,921	(9,378)	(20)	27,881
66300 - Travel-Business Developm	14,500	18,786	(4,286)	(30)	11,476	182,750	206,272	(23,522)	(13)	138,127
<b>Total Business Development</b>	<b>267,738</b>	<b>107,546</b>	<b>160,191</b>	<b>60</b>	<b>780,526</b>	<b>2,686,647</b>	<b>2,183,636</b>	<b>503,010</b>	<b>19</b>	<b>2,665,231</b>

**San Diego County Regional Airport Authority**  
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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
<b>Equipment Rentals and Repairs</b>										
66140 - Computer Licenses & Agre	\$29,779	\$29,229	\$550	2	\$55,632	\$358,742	\$291,319	\$67,423	19	\$247,082
66150 - Equipment Rental/Leasing	29,900	37,485	(7,585)	(25)	35,059	202,438	257,668	(55,230)	(27)	218,808
66160 - Tenant Improvements	80,000	56,872	23,129	29	56,547	620,000	727,713	(107,713)	(17)	491,365
66270 - Repairs - Office Equipme	300,420	362,957	(62,537)	(21)	167,399	2,113,732	2,036,226	77,506	4	1,709,509
66279 - OH Contra	(2,421)	759	(3,180)	(131)	(11,822)	(194,020)	(112,859)	(81,161)	(42)	(113,642)
<b>Total Equipment Rentals and Repairs</b>	<b>437,678</b>	<b>487,302</b>	<b>(49,623)</b>	<b>(11)</b>	<b>302,816</b>	<b>3,100,892</b>	<b>3,200,067</b>	<b>(99,175)</b>	<b>(3)</b>	<b>2,553,122</b>
<b>Total Non-Personnel Expenses</b>	<b>10,843,486</b>	<b>10,996,250</b>	<b>(152,764)</b>	<b>(1)</b>	<b>10,784,881</b>	<b>107,570,834</b>	<b>105,362,926</b>	<b>2,207,908</b>	<b>2</b>	<b>98,913,408</b>
<b>Total Departmental Expenses before</b>	<b>14,736,838</b>	<b>14,759,330</b>	<b>(22,492)</b>	<b>0</b>	<b>14,525,752</b>	<b>148,191,089</b>	<b>145,097,916</b>	<b>3,093,173</b>	<b>2</b>	<b>137,621,017</b>
<b>Depreciation and Amortization</b>										
69110 - Depreciation Expense	10,158,700	10,158,700	0	0	9,310,097	96,453,927	96,453,927	0	0	86,837,472
<b>Total Depreciation and Amortization</b>	<b>10,158,700</b>	<b>10,158,700</b>	<b>0</b>	<b>0</b>	<b>9,310,097</b>	<b>96,453,927</b>	<b>96,453,927</b>	<b>0</b>	<b>0</b>	<b>86,837,472</b>
<b>Non-Operating Revenue/(Expense)</b>										
<b>Passenger Facility Charges</b>										
71110 - Passenger Facility Charg	4,096,077	4,304,188	208,111	5	4,034,604	38,184,524	40,449,428	2,264,903	6	37,203,129
<b>Total Passenger Facility Charges</b>	<b>4,096,077</b>	<b>4,304,188</b>	<b>208,111</b>	<b>5</b>	<b>4,034,604</b>	<b>38,184,524</b>	<b>40,449,428</b>	<b>2,264,903</b>	<b>6</b>	<b>37,203,129</b>
<b>Customer Facility Charges</b>										
71120 - Customer facility charges (Con	3,395,516	3,508,240	112,723	3	3,733,514	33,750,074	34,335,942	585,867	2	33,602,901
<b>Total Customer Facility Charges</b>	<b>3,395,516</b>	<b>3,508,240</b>	<b>112,723</b>	<b>3</b>	<b>3,733,514</b>	<b>33,750,074</b>	<b>34,335,942</b>	<b>585,867</b>	<b>2</b>	<b>33,602,901</b>

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<b>Quieter Home Program</b>										
71212 - Quieter Home - Labor	\$(45,800)	\$(21,875)	\$23,925	52	\$(29,772)	\$(458,400)	\$(263,955)	\$194,445	42	\$(238,284)
71213 - Quieter Home - Burden	0	(11,120)	(11,120)	0	(14,133)	0	(124,384)	(124,384)	0	(106,957)
71214 - Quieter Home - Overhead	0	(19,317)	(19,317)	0	(20,002)	0	(173,562)	(173,562)	0	(165,699)
71215 - Quieter Home - Material	(478,850)	(947,417)	(468,567)	(98)	(1,960,257)	(13,510,459)	(11,412,884)	2,097,575	16	(7,389,422)
71216 - Quieter Home Program	419,720	750,197	330,477	79	1,601,836	11,175,086	9,411,307	(1,763,779)	(16)	6,162,809
71217 - Contract Labor	0	0	0	0	(15)	0	0	0	0	(619)
71218 - Contractor Burden	0	0	0	0	(19)	0	0	0	0	(787)
71222 - Contractor Labor	0	0	0	0	(1,781)	0	0	0	0	(17,477)
71223 - Contractor Burden	0	0	0	0	(2,267)	0	0	0	0	(22,243)
71224 - Joint Studies Overhead	0	0	0	0	(1,331)	0	(164)	(164)	0	(7,247)
71225 - Joint Studies - Material	0	(3,688)	(3,688)	0	(15,498)	(50,000)	(94,424)	(44,424)	(89)	(22,703)
71226 - Contractor Overhead	0	0	0	0	471	0	192	192	0	(26,335)
<b>Total Quieter Home Program</b>	<b>(104,930)</b>	<b>(253,220)</b>	<b>(148,290)</b>	<b>(141)</b>	<b>(442,768)</b>	<b>(2,843,773)</b>	<b>(2,657,874)</b>	<b>185,898</b>	<b>7</b>	<b>(1,834,963)</b>
<b>Interest Income</b>										
71310 - Interest - Investments	994,483	1,053,015	58,532	6	451,468	10,256,554	7,846,932	(2,409,622)	(23)	5,215,081
71340 - Interest - Note Receivab	143,870	143,870	0	0	152,357	1,490,886	1,490,886	0	0	1,575,140
71350 - Interest - Other	0	0	0	0	0	0	(4,916)	(4,916)	0	(2,705)
71361 - Interest Income - 2010 Bonds	0	132,211	132,211	0	85,533	0	1,181,233	1,181,233	0	643,615
71363 - Interest Income - 2013 Bonds	0	94,394	94,394	0	58,161	0	723,120	723,120	0	437,926
71364 - Interest Income - 2017 Bond A	0	204,006	204,006	0	317,469	0	1,819,355	1,819,355	0	2,438,849
71365 - Interest Income - 2014 Bond A	0	94,720	94,720	0	53,813	0	773,366	773,366	0	433,531
<b>Total Interest Income</b>	<b>1,138,352</b>	<b>1,722,215</b>	<b>583,862</b>	<b>51</b>	<b>1,118,801</b>	<b>11,747,440</b>	<b>13,829,975</b>	<b>2,082,536</b>	<b>18</b>	<b>10,741,438</b>
<b>Interest income BAB's rebate</b>										
71362 - BAB interest rebate	385,935	390,515	4,580	1	388,849	3,859,349	3,905,145	45,796	1	3,888,492
<b>Total Interest income BAB's rebate</b>	<b>385,935</b>	<b>390,515</b>	<b>4,580</b>	<b>1</b>	<b>388,849</b>	<b>3,859,349</b>	<b>3,905,145</b>	<b>45,796</b>	<b>1</b>	<b>3,888,492</b>

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<b>Interest Expense</b>										
71411 - Interest Expense- 2010 Bonds	\$(2,481,737)	\$(2,481,737)	\$0	0	\$(2,521,646)	\$(24,817,374)	\$(24,817,374)	\$0	0	\$(25,216,457)
71412 - Interest Expense 2013 Bonds	(1,514,513)	(1,514,513)	0	0	(1,521,979)	(15,145,125)	(15,145,125)	0	0	(15,219,792)
71413 - Interest Expense 2014 Bond A	(1,355,869)	(1,349,970)	5,899	0	(1,361,768)	(13,558,690)	(13,499,705)	58,985	0	(13,617,675)
71414 - Interest Expense 2017 Bond A	(1,192,792)	(1,192,792)	0	0	(1,211,442)	(11,507,243)	(11,927,917)	(420,674)	(4)	(10,822,212)
71420 - Interest Expense-Variable Debt	(46,103)	(45,623)	480	1	(47,494)	(461,031)	(433,834)	27,197	6	(463,645)
71430 - LOC Fees - C/P	(31,814)	(26,209)	5,605	18	(80,067)	(318,144)	(436,588)	(118,444)	(37)	(387,047)
71450 - Trustee Fee Bonds	(4,380)	0	4,380	100	0	(13,140)	(3,270)	9,870	75	(3,342)
71451 - Program Fees - Variable Debt	0	0	0	0	0	(5,000)	0	5,000	100	(3,300)
71458 - Capitalized Interest	0	0	0	0	544,911	0	0	0	0	5,392,313
71460 - Interest Expense - Other	0	(1,800)	(1,800)	0	(1,800)	0	(13,235)	(13,235)	0	(1,485,523)
71461 - Interest Expense - Cap Leases	(52,067)	(52,067)	0	0	(53,899)	(527,687)	(527,687)	0	0	(545,403)
<b>Total Interest Expense</b>	<b>(6,679,275)</b>	<b>(6,664,711)</b>	<b>14,564</b>	<b>0</b>	<b>(6,255,183)</b>	<b>(66,353,434)</b>	<b>(66,804,735)</b>	<b>(451,301)</b>	<b>(1)</b>	<b>(62,372,083)</b>
<b>Amortization</b>										
69210 - Amortization - Premium	467,544	467,544	0	0	481,127	4,745,455	4,745,455	0	0	4,727,220
<b>Total Amortization</b>	<b>467,544</b>	<b>467,544</b>	<b>0</b>	<b>0</b>	<b>481,127</b>	<b>4,745,455</b>	<b>4,745,455</b>	<b>0</b>	<b>0</b>	<b>4,727,220</b>
<b>Other Non-Operating Income (Expense)</b>										
71510 - Legal Settlement Income	0	0	0	0	0	0	0	0	0	58,394
71520 - Fixed Asset Disposal-Gain	0	0	0	0	0	0	60,000	60,000	0	0
71521 - Fixed Asset Disposal-Loss	0	(239,291)	(239,291)	0	(276,922)	0	(239,291)	(239,291)	0	(276,922)
71530 - Gain/Loss On Investments	0	63,825	63,825	0	(902,332)	0	5,014,925	5,014,925	0	(4,450,740)
71540 - Discounts Earned	0	0	0	0	0	0	6,561	6,561	0	9,222
71620 - Other non-operating revenue (e	0	11,587	11,587	0	0	0	76,887	76,887	0	41,550
71630 - Other Non-Operating Expe	0	(1)	(1)	0	0	0	(1)	(1)	0	(16,751)
73300 - DMJM and Auth OH Clearin	0	0	0	0	(200)	0	0	0	0	0
<b>Total Other Non-Operating Income (Expense)</b>	<b>0</b>	<b>(163,880)</b>	<b>(163,880)</b>	<b>0</b>	<b>(1,179,453)</b>	<b>0</b>	<b>4,919,080</b>	<b>4,919,080</b>	<b>0</b>	<b>(4,635,247)</b>
<b>Total Non-Operating Revenue/(Expense)</b>	<b>2,699,220</b>	<b>3,310,891</b>	<b>611,671</b>	<b>23</b>	<b>(1,879,491)</b>	<b>23,089,637</b>	<b>32,722,416</b>	<b>9,632,779</b>	<b>42</b>	<b>(21,320,887)</b>
<b>Capital Grant Contribution</b>										
72100 - AIP Grants	370,873	67,023	(303,850)	(82)	1,040,419	7,540,170	7,569,230	29,060	0	8,764,215
<b>Total Capital Grant Contribution</b>	<b>370,873</b>	<b>67,023</b>	<b>(303,850)</b>	<b>(82)</b>	<b>1,040,419</b>	<b>7,540,170</b>	<b>7,569,230</b>	<b>29,060</b>	<b>0</b>	<b>8,764,215</b>
<b>Total Expenses Net of Non-Operating Revenue/ (Expense)</b>	<b>21,825,446</b>	<b>21,540,117</b>	<b>285,329</b>	<b>1</b>	<b>20,915,939</b>	<b>214,015,210</b>	<b>201,260,197</b>	<b>12,755,013</b>	<b>6</b>	<b>194,373,387</b>
<b>Net Income/(Loss)</b>	<b>2,301,929</b>	<b>3,808,357</b>	<b>1,506,428</b>	<b>65</b>	<b>1,901,933</b>	<b>23,985,088</b>	<b>43,489,701</b>	<b>19,504,613</b>	<b>81</b>	<b>25,722,551</b>

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Print Time: 3:40:06PM  
Report ID: GL0012

	Month to Date					Year to Date				
	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
<b>Equipment Outlay</b>										
73200 - Equipment Outlay Expendi	\$(131,000)	\$(243,727)	\$(112,727)	(86)	\$(426,582)	\$(856,219)	\$(392,651)	\$463,568	54	\$(752,372)
73299 - Capitalized Equipment Co	0	243,727	243,727	0	426,582	0	392,651	392,651	0	752,372
<b>Total Equipment Outlay</b>	<b>(131,000)</b>	<b>0</b>	<b>131,000</b>	<b>100</b>	<b>0</b>	<b>(856,219)</b>	<b>0</b>	<b>856,219</b>	<b>100</b>	<b>0</b>



**SAN DIEGO**  
INTERNATIONAL AIRPORT

LET'S **GO.**

## Review of the Unaudited Financial Statements for the Ten Months Ended April 30, 2019 and 2018

Presented by:

Scott Brickner

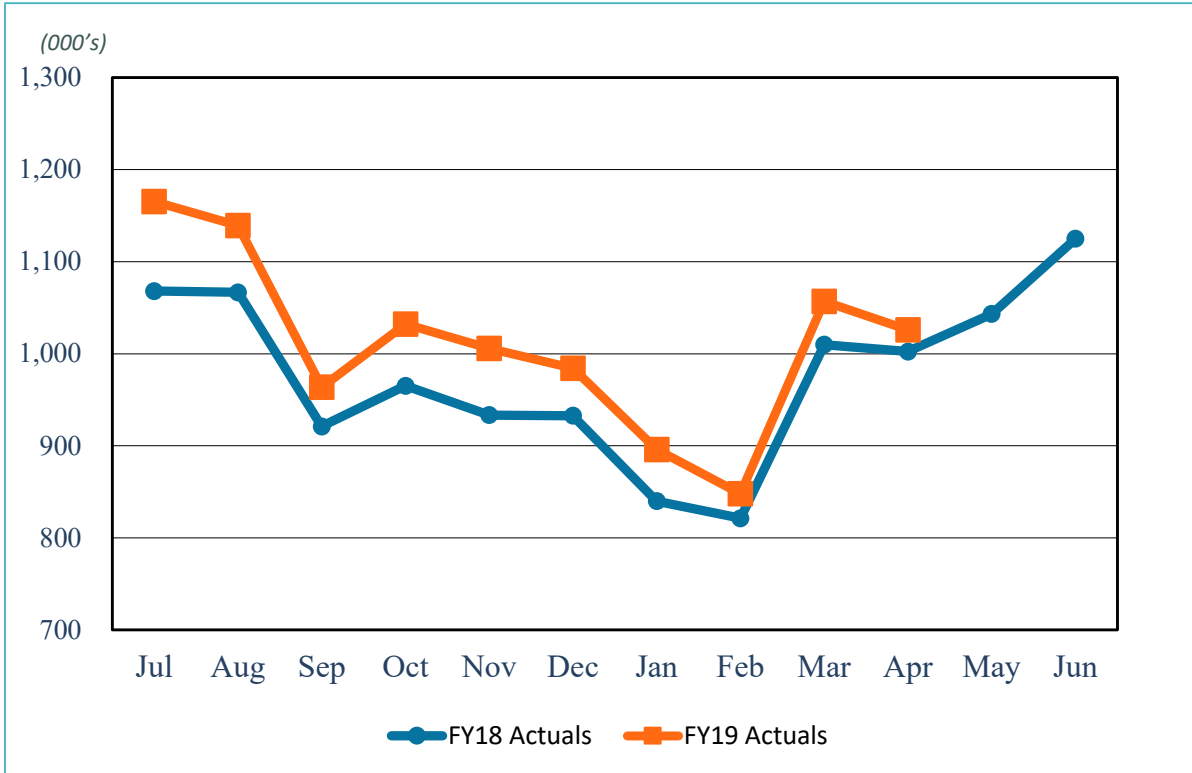
Chief Financial Officer

Kathy Kiefer

Senior Director, Finance & Asset Management

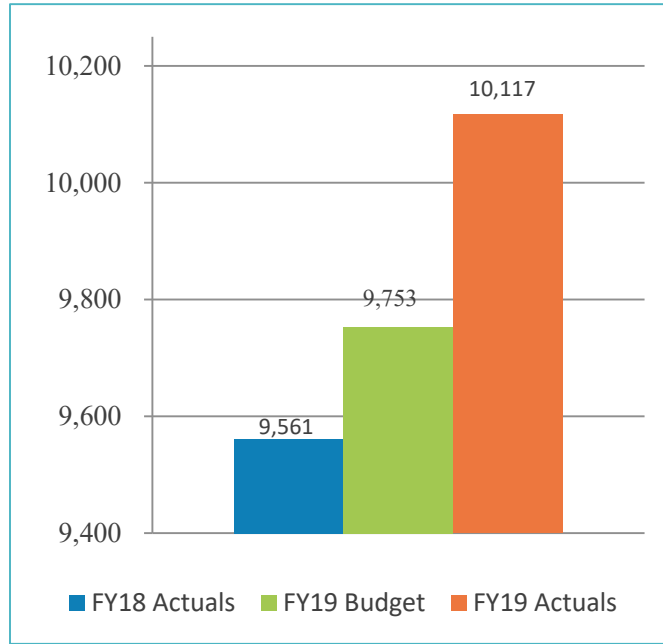
May 23, 2019

# Enplanements



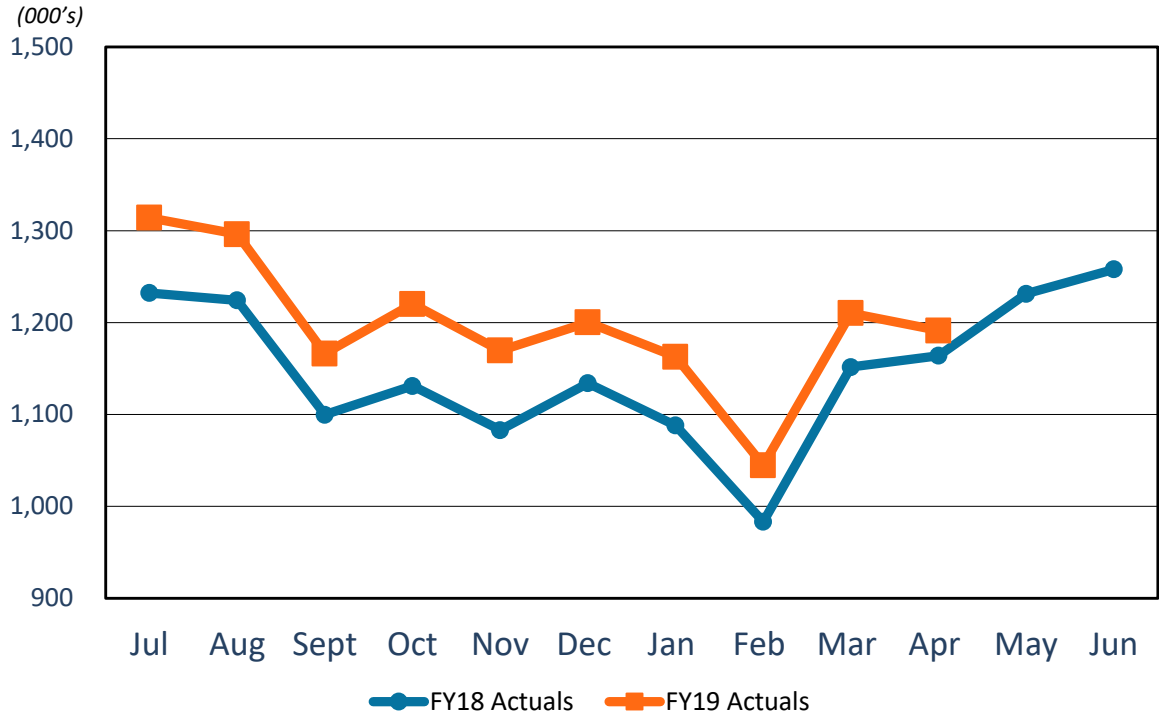
FY19 YTD Act Vs.  
FY18 YTD Act  
5.8%

FY19 YTD Act Vs.  
FY19 YTD Budget  
3.7%



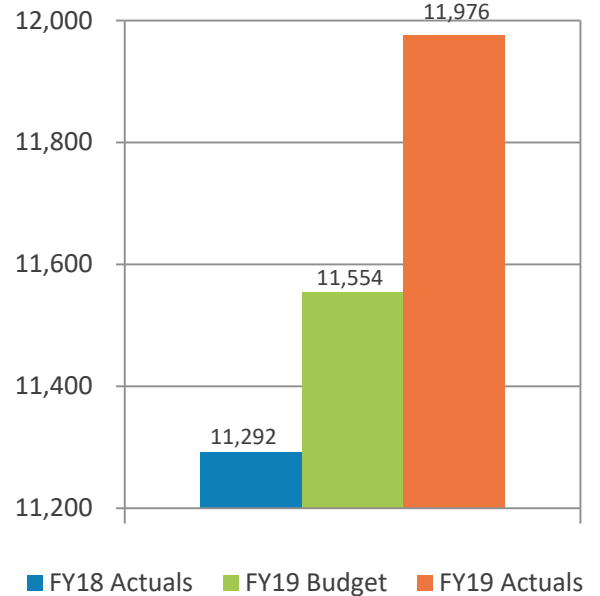


# Gross Landing Weight Units (000 lbs)



FY19 YTD Act Vs.  
FY18 YTD Act  
6.1%

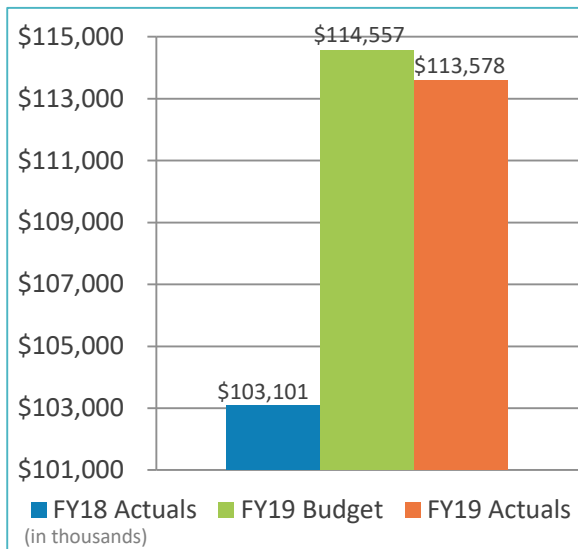
FY19 YTD Act Vs.  
FY19 YTD Budget  
3.7%



# Operating Revenue (Unaudited)

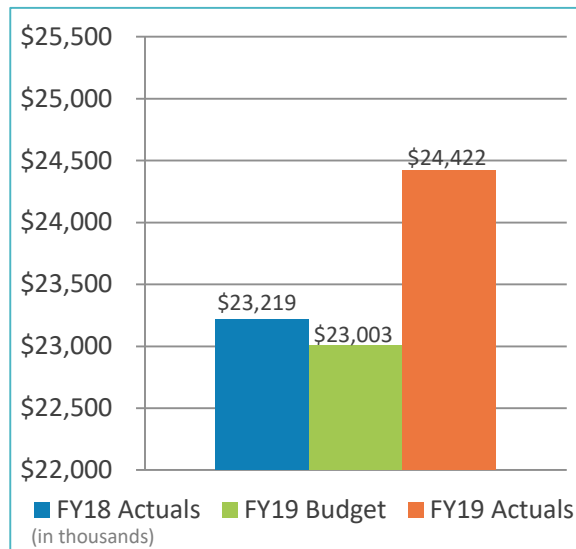
## Aviation

FY19 YTD Act Vs. FY18 YTD Act 10.2%	FY19 YTD Act Vs. FY19 YTD Budget -0.9%
---	--



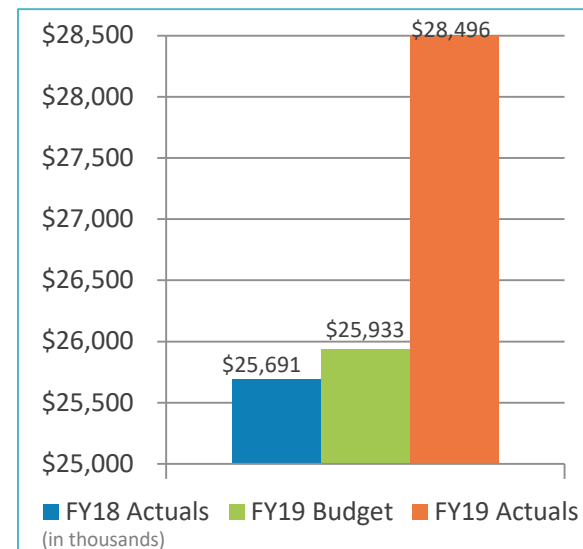
## Terminal Concessions

FY19 YTD Act Vs. FY18 YTD Act 5.2%	FY19 YTD Act Vs. FY19 YTD Budget 6.2%
--	---



## Rental Car

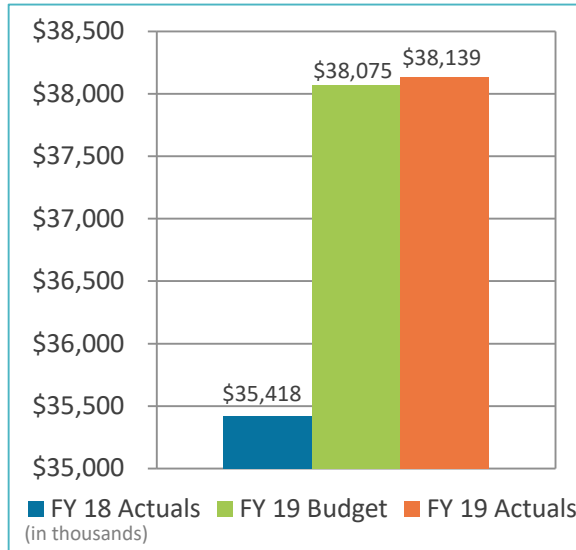
FY19 YTD Act Vs. FY18 YTD Act 10.9%	FY19 YTD Act Vs. FY19 YTD Budget 9.9%
---	---



# Operating Revenue (Unaudited)

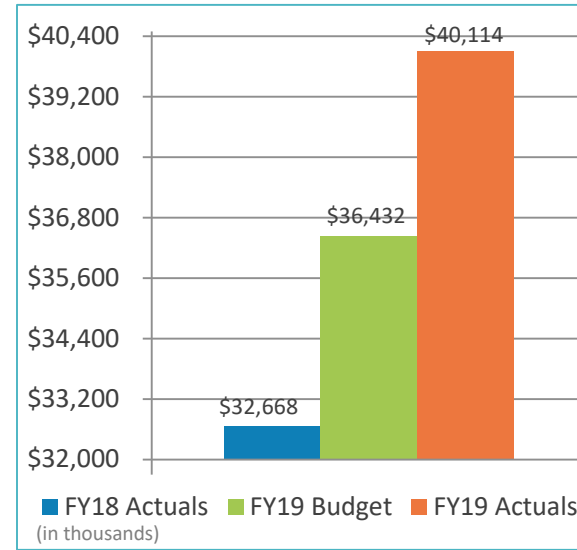
## Parking Revenue

FY19 YTD Act Vs. FY18 YTD Act 7.7%	FY19 YTD Act Vs. FY19 YTD Budget 0.2%
--	---

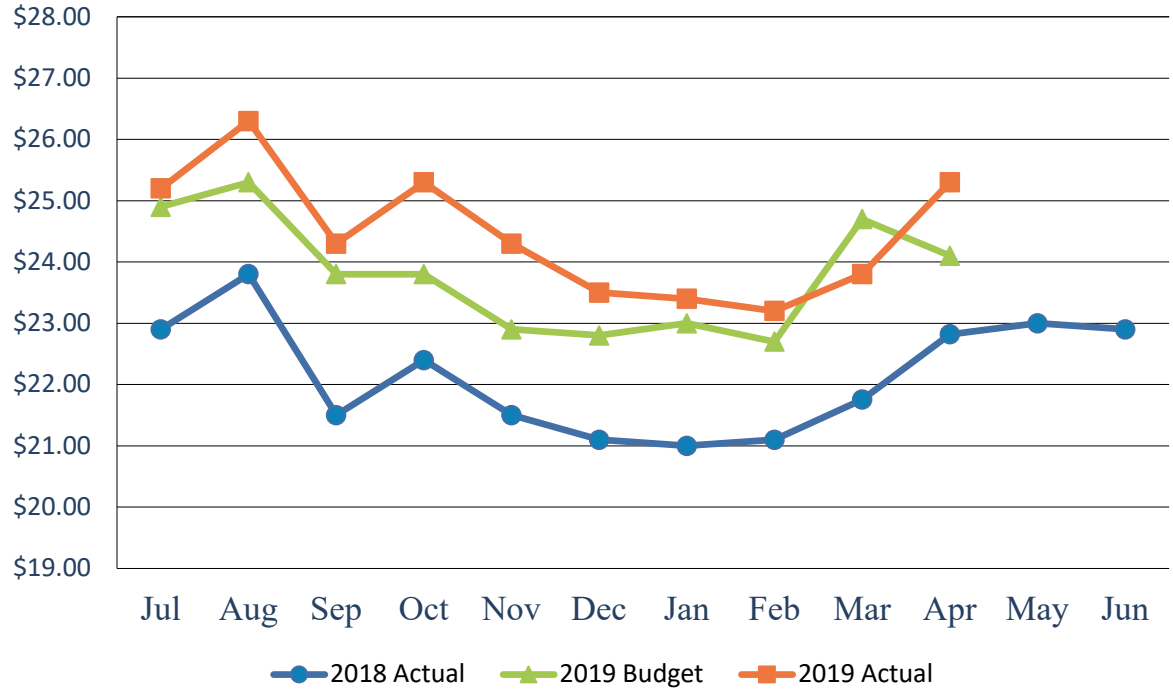


## Other

FY19 YTD Act Vs. FY18 YTD Act 22.8%	FY19 YTD Act Vs. FY19 YTD Budget 10.1%
---	--



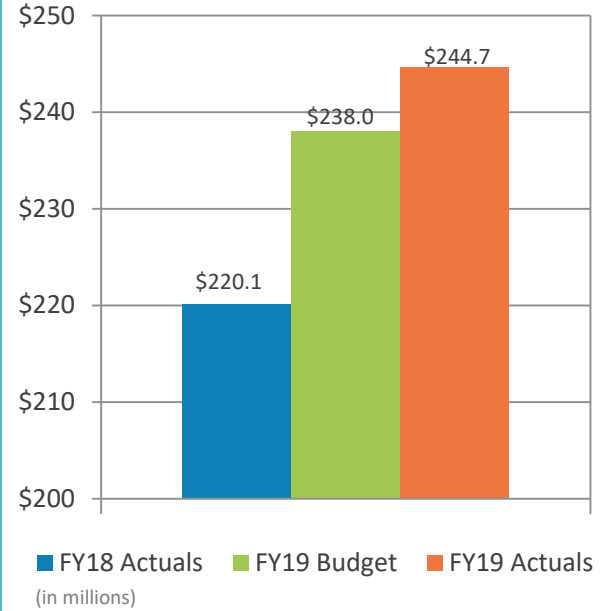
# Total Operating Revenue (Unaudited)



(in millions)

FY19 YTD Act Vs.  
FY18 YTD Act  
11.2%

FY19 YTD Act Vs.  
FY19 YTD Budget  
2.8%



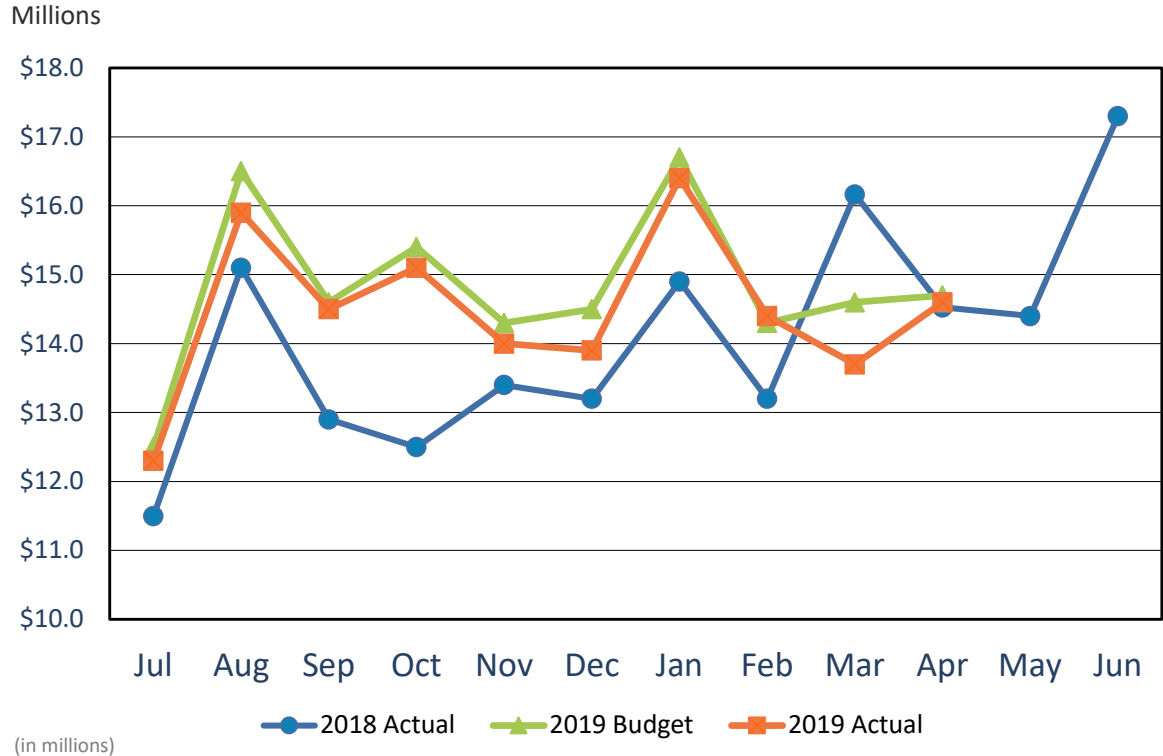
(in millions)

# Operating Revenues

## for the Ten Months Ended April 30, 2019 (Unaudited)

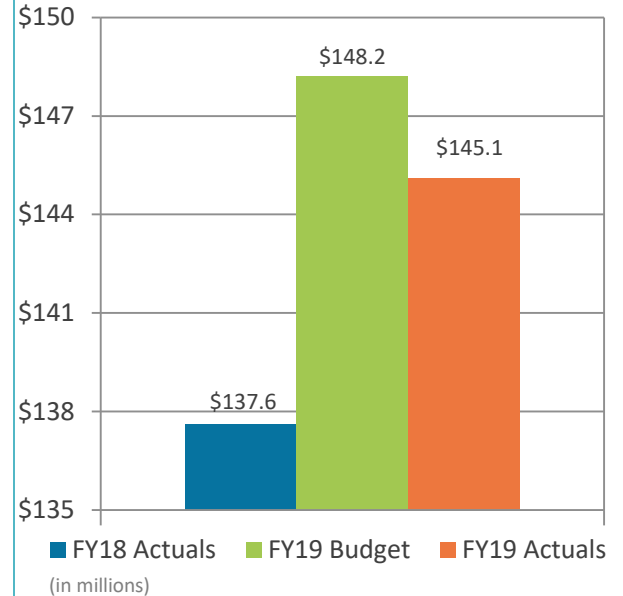
(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Aviation	\$ 114,557	\$ 113,578	\$ (979)	(1)%	\$ 103,101
Terminal concessions	23,003	24,422	1,419	6%	23,219
Rental car	25,933	28,496	2,563	10%	25,691
Parking	38,075	38,139	64	-	35,418
Other operating	36,432	40,114	3,682	10%	32,668
<b>Total operating revenues</b>	<b>\$ 238,000</b>	<b>\$ 244,749</b>	<b>\$ 6,749</b>	<b>3%</b>	<b>\$ 220,097</b>

# Total Operating Expenses (Unaudited)



FY19 YTD Act Vs.  
FY18 YTD Act  
-5.5%

FY19 YTD Act Vs.  
FY19 YTD Budget  
2.1%



# Operating Expenses

## for the Ten Months Ended April 30, 2019 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
Salaries and benefits	\$ 40,620	\$ 39,735	\$ 885	2%	\$ 38,708
Contractual services	41,058	40,925	133	-	37,038
Safety and security	27,331	25,954	1,377	5%	25,267
Space rental	8,493	8,492	1	-	8,494
Utilities	11,192	11,217	(25)	-	10,249
Maintenance	11,036	10,792	244	2%	9,882
Equipment and systems	242	270	(28)	(12)%	355
Materials and supplies	449	468	(19)	(4)%	476
Insurance	1,058	1,017	41	4%	924
Employee development and support	925	844	81	9%	1,012
Business development	2,687	2,184	503	19%	2,665
Equipment rental and repairs	3,101	3,200	(99)	(3)%	2,553
<b>Total operating expenses</b>	<b>\$ 148,192</b>	<b>\$ 145,098</b>	<b>\$ 3,094</b>	<b>2%</b>	<b>\$ 137,623</b>

# Net Operating Income (Loss) Summary

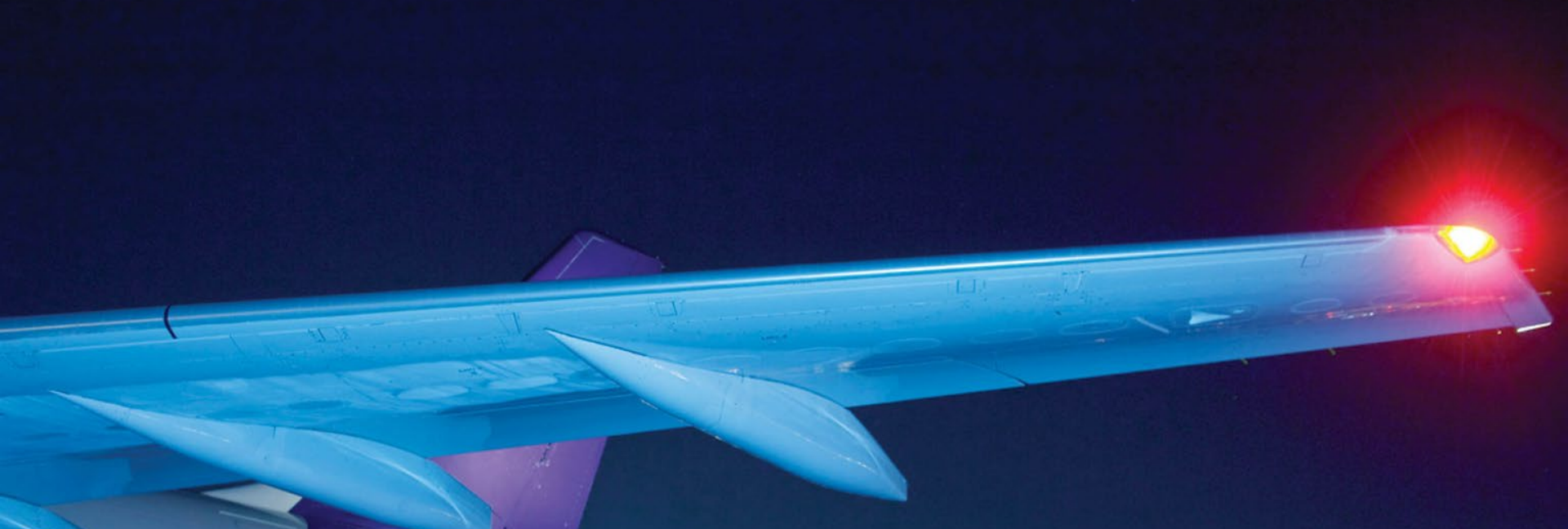
## for the Ten Months Ended April 30, 2019 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
Total operating revenues	\$ 238,000	\$ 244,749	\$ 6,749	3%	\$ 220,097
Total operating expenses	148,192	145,098	3,094	2%	137,623
<b>Income from operations</b>	<b>89,808</b>	<b>99,651</b>	<b>9,843</b>	<b>11%</b>	<b>82,474</b>
Depreciation	96,454	96,454	-	-	86,837
<b>Operating income (loss)</b>	<b>\$ (6,646)</b>	<b>\$ 3,197</b>	<b>\$ 9,843</b>	<b>148%</b>	<b>\$ (4,363)</b>



# Nonoperating Revenues & Expenses for the Ten Months Ended April 30, 2019 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
Passenger facility charges	\$ 38,185	\$ 40,449	\$ 2,264	6%	\$ 37,203
Customer facility charges (Rental Car Center)	33,750	34,336	586	2%	33,603
Quieter Home Program, net	(2,844)	(2,658)	186	7%	(1,835)
Interest income	11,747	13,830	2,083	18%	10,741
Interest expense (net)	(57,749)	(58,154)	(405)	(1)%	(53,756)
Other nonoperating revenue (expense)	-	4,919	4,919	-	(4,635)
<b>Nonoperating revenue, net</b>	<b>23,089</b>	<b>32,722</b>	<b>9,633</b>	<b>42%</b>	<b>21,321</b>
<b>Change in net position before grant contributions</b>	<b>16,443</b>	<b>35,919</b>	<b>19,476</b>	<b>118%</b>	<b>16,958</b>
Capital grant contributions	7,540	7,569	29	-	8,764
<b>Change in net position</b>	<b>\$ 23,983</b>	<b>43,488</b>	<b>\$ 19,505</b>	<b>81%</b>	<b>\$ 25,722</b>



**Statements of Net Position (Unaudited)  
April 30, 2019 and 2018**

# Statements of Net Position (Unaudited)

## As of April 30, 2019 and 2018

(In Thousands)

	<u>2019</u>	<u>2018</u>
<b>Assets and Deferred Outflows of Resources</b>		
Current assets	\$ 162,911	\$ 112,852
Cash designated for capital projects and other	27,290	24,331
Restricted assets	448,770	534,634
Capital assets, net	1,724,189	1,683,468
Other assets	192,164	203,327
Deferred outflows of resources	24,774	20,988
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,580,098</b>	<b>\$ 2,579,600</b>

# Statements of Net Position (Unaudited)

## As of April 30, 2019 and 2018

(In Thousands)

	<u>2019</u>	<u>2018</u>
<b>Liabilities and Deferred Inflows of Resources</b>		
Current liabilities	\$ 63,613	\$ 76,807
Liabilities payable from restricted assets	49,021	43,537
Long term liabilities	1,607,128	1,646,853
Deferred inflows of resources	6,922	3,507
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 1,726,684</b>	<b>\$ 1,770,704</b>
<b>Total net position</b>	<b>\$ 853,414</b>	<b>\$ 808,896</b>



Questions?



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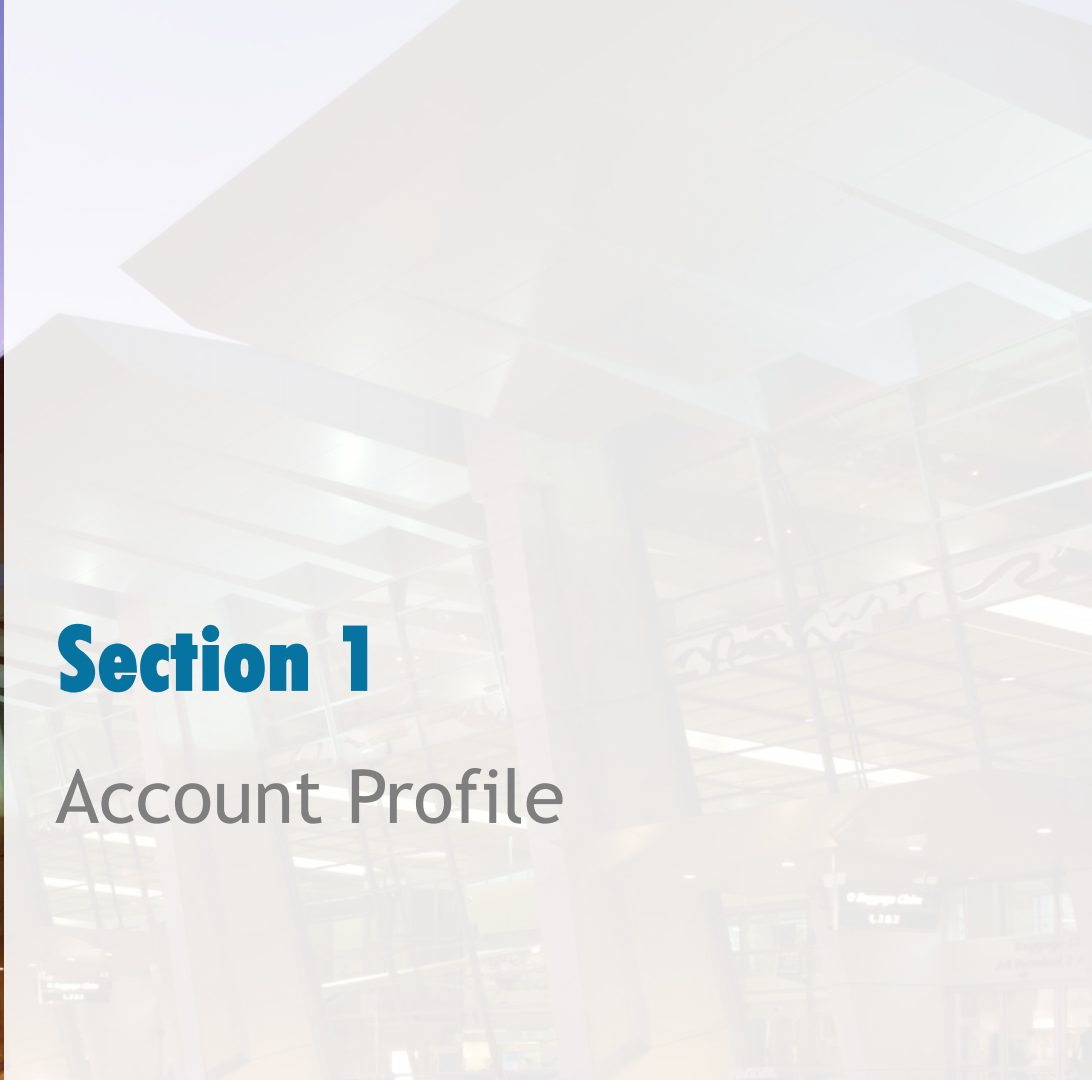
# Investment Report

Period Ending  
April 30, 2019



# Section 1

## Account Profile



# Certification Page

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

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



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Scott Brickner, C.P.A.  
Vice President, Chief Financial Officer  
San Diego County Regional Airport Authority



# Objectives

## Investment Objectives

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

# Portfolio Characteristics

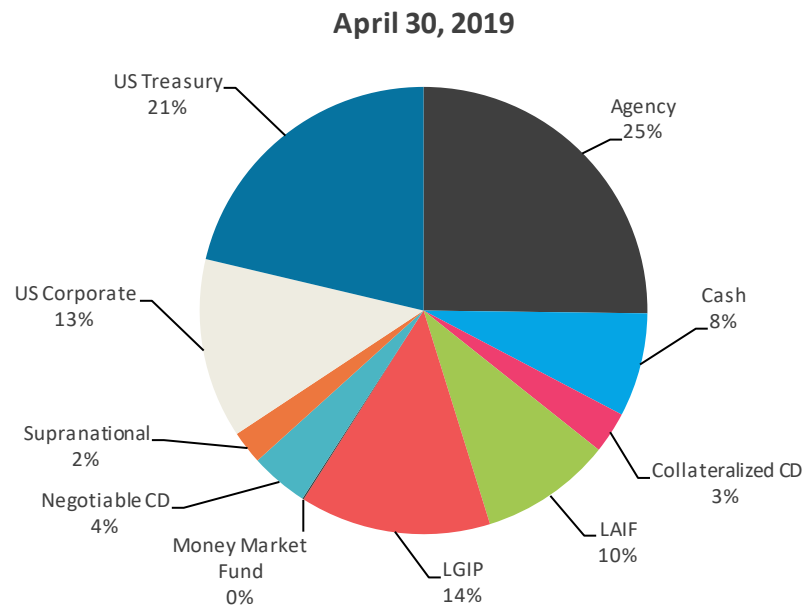
## SDCRAA Consolidated

	4/30/2019	3/31/2019	Change
	Portfolio	Portfolio	Portfolio
Average Maturity (yrs)	1.37	1.37	0.02
Average Purchase Yield	2.16%	2.14%	0.02%
Average Market Yield	2.35%	2.34%	0.01%
Average Quality*	AA/Aa1	AA/Aa1	AA/Aa1
Unrealized Gains/Losses	953,470	904,041	49,429
Total Market Value	523,473,939	525,891,977	(2,418,038)

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

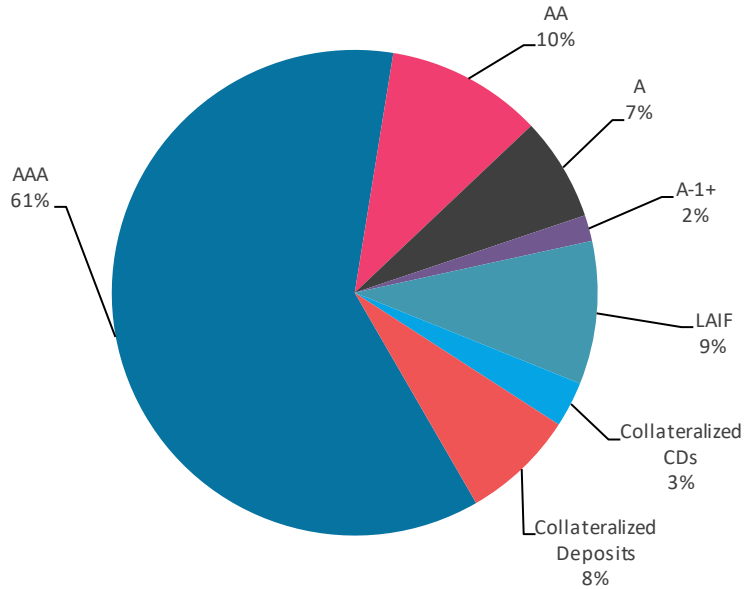
# Sector Distribution

	April 30, 2019		March 31, 2019	
	Total Market Value	% of Portfolio	Total Market Value	% of Portfolio
Agency	131,851,806	25.2%	126,777,162	24.1%
Cash	39,423,158	7.5%	42,788,751	8.1%
Collateralized CD	15,872,768	3.0%	15,848,128	3.0%
LAIF	49,892,436	9.5%	49,774,342	9.5%
LGIP	72,430,243	13.8%	72,252,787	13.7%
Money Market Fund	447,076	0.1%	1,049,365	0.2%
Negotiable CD	21,889,619	4.2%	25,877,283	4.9%
Supranational	12,521,091	2.4%	12,541,510	2.4%
US Corporate	67,803,198	13.0%	67,691,572	12.9%
US Treasury	111,342,544	21.3%	111,291,077	21.2%
<b>TOTAL</b>	<b>523,473,939</b>	<b>100.0%</b>	<b>525,891,977</b>	<b>100.0%</b>



# Quality & Maturity Distribution

April 30, 2019

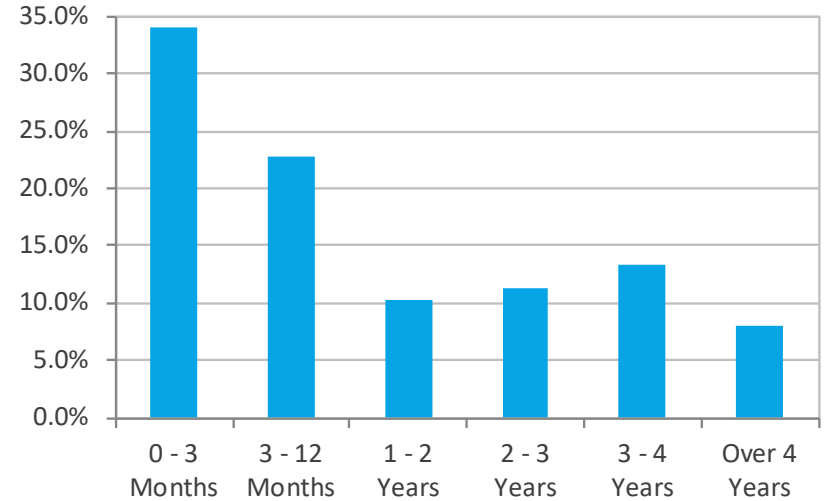


**Notes:**

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

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

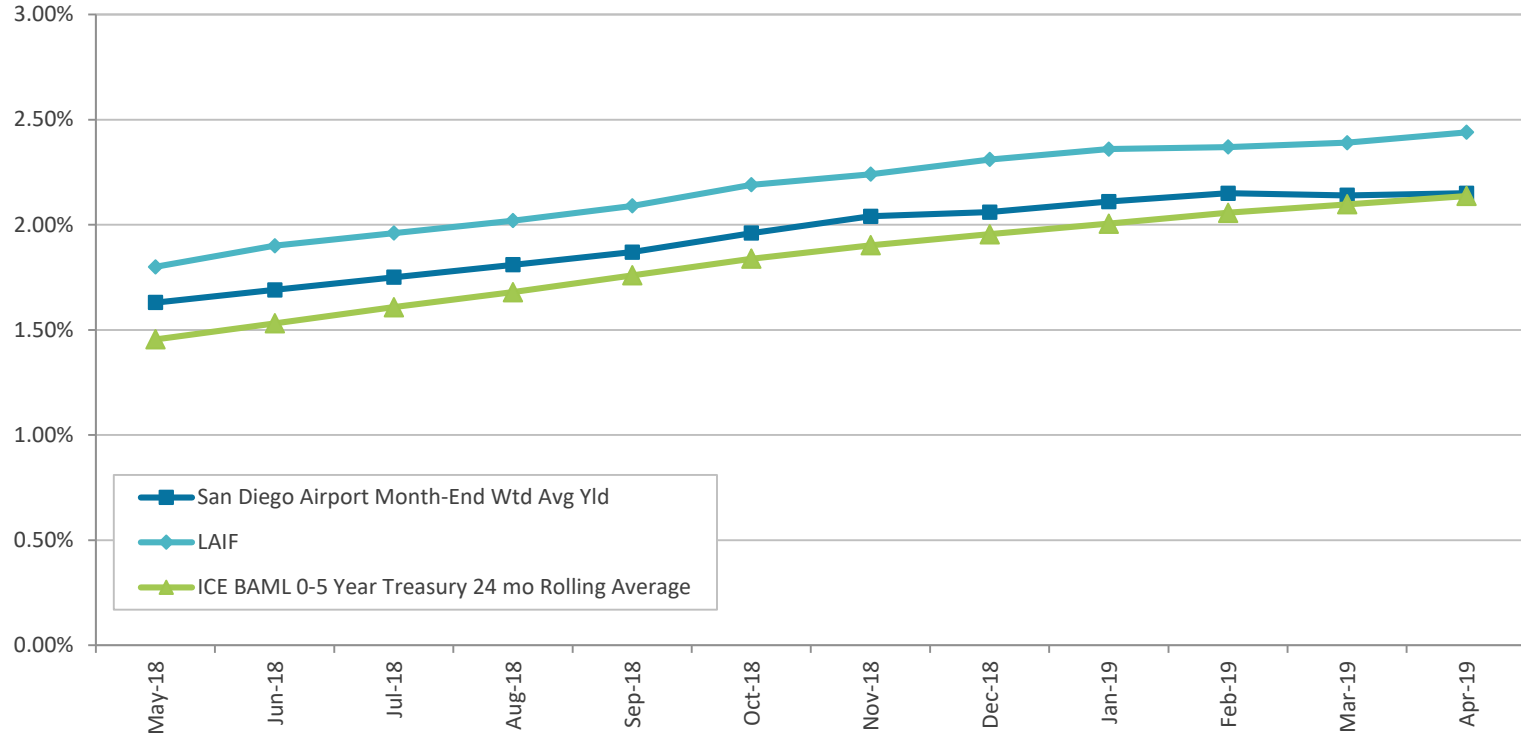
April 30, 2019



**Notes:**

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

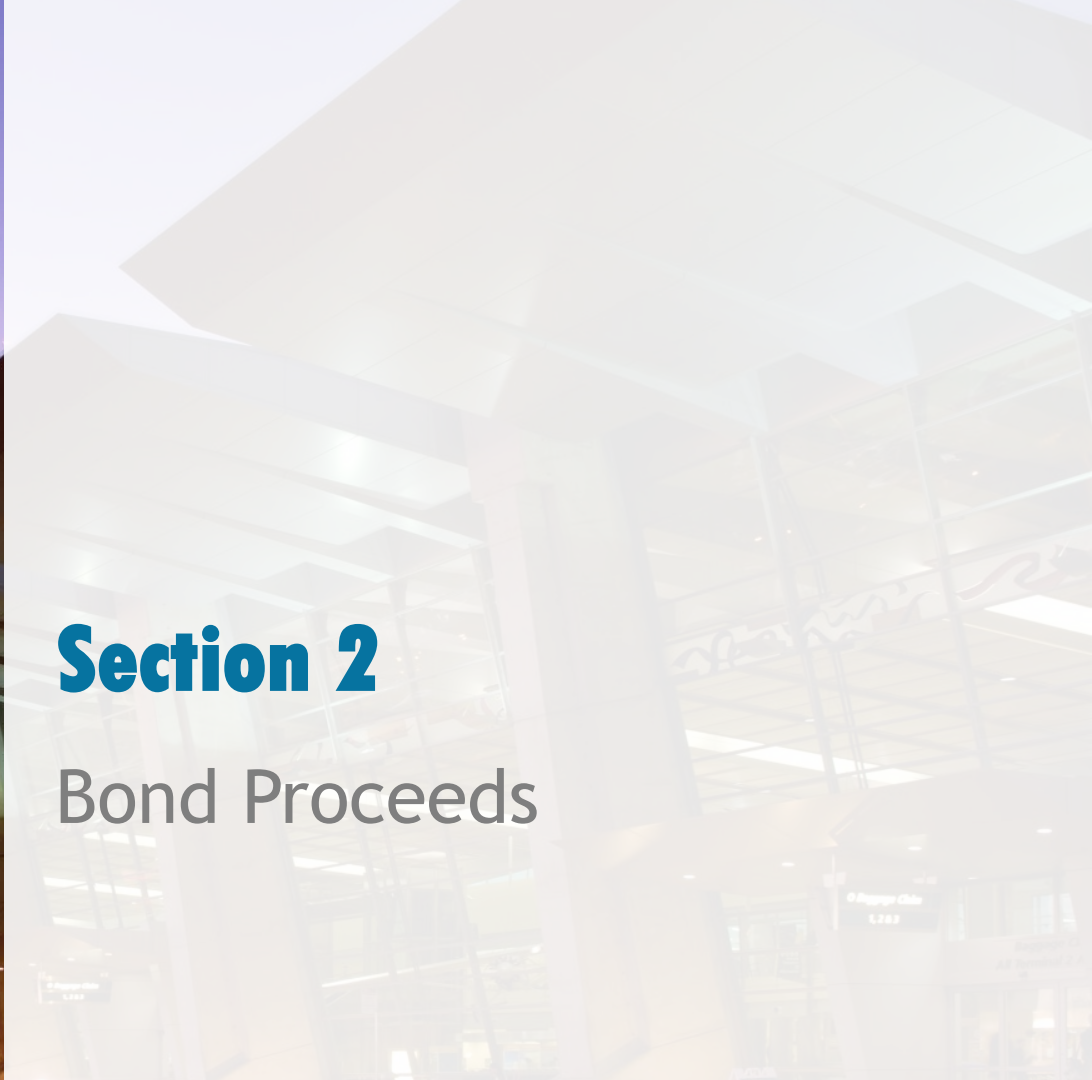
# Investment Performance





## Section 2

### Bond Proceeds



# Bond Proceeds

## Summary of 2010, 2013, 2014 & 2017 Bond Proceeds <sup>(1)</sup>

As of April 30, 2019  
(in thousands)

	2014 Special Facility Revenue Bond	2010, 2013 and 2017 General Airport Revenue Bonds	Total Bond Proceeds	Yield	Rating
<b>Project Fund</b>					
LAIF	-	8,657	8,657	2.45%	N/R
SDCIP	-	46,184	46,184	2.42%	AAAf
Money Market Fund	-	337	337	2.35%	AAAm
	-	55,178	55,178	2.42%	
<b>Debt Service Reserve &amp; Coverage Funds</b>					
SDCIP	29,445	80,099	109,544	2.42%	AAAf
Torrey Pines Bank CD	-	22,202	22,202	2.00%	N/R
	29,445	102,301	131,746	2.35%	
<b>TOTAL</b>	<b>29,445</b>	<b>157,479</b>	<b>186,924</b>	<b>2.37%</b>	

(1) Bond Proceeds are not included in deposit limits as applied to operating funds.  
SDCIP Yield as of March 31, 2019

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

Questions?

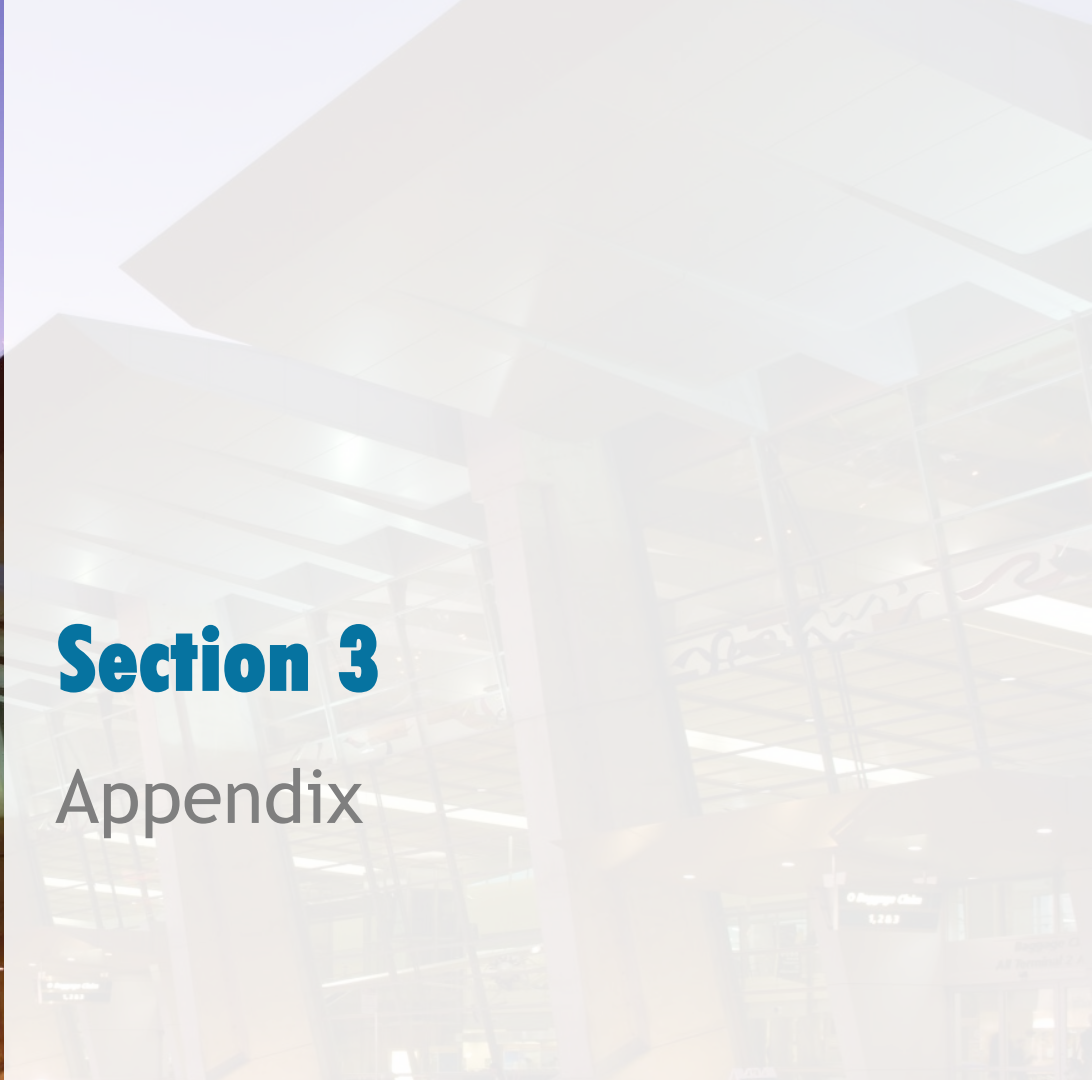
● Ticketing  
U S Airways





## Section 3

### Appendix



# Compliance

April 30, 2019

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

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

# Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2019

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>Agency</b>									
3137EADK2	FHLMC Note 1.250% Due 08/01/2019	5,000,000.00	07/08/2016 0.82%	5,064,250.00	99.70 2.45%	4,984,810.00 15,625.00	0.96% (79,440.00)	Aaa / AA+ AAA	0.25 0.25
3135G0N33	FNMA Note 0.875% Due 08/02/2019	7,800,000.00	08/02/2016 0.93%	7,786,896.00	99.59 2.48%	7,768,012.20 16,872.92	1.49% (18,883.80)	Aaa / AA+ AAA	0.26 0.25
3130A8Y72	FHLB Note 0.875% Due 08/05/2019	12,000,000.00	10/21/2016 1.03%	11,948,160.00	99.60 2.40%	11,951,916.00 25,083.33	2.29% 3,756.00	Aaa / AA+ AAA	0.27 0.26
3135G0P49	FNMA Note 1.000% Due 08/28/2019	13,500,000.00	09/06/2016 1.06%	13,477,860.00	99.51 2.47%	13,434,282.00 22,875.00	2.57% (43,578.00)	Aaa / AA+ AAA	0.33 0.33
3130A9EP2	FHLB Note 1.000% Due 09/26/2019	10,000,000.00	10/07/2016 1.09%	9,972,700.00	99.43 2.43%	9,942,560.00 9,722.22	1.90% (30,140.00)	Aaa / AA+ AAA	0.41 0.40
3135G0T29	FNMA Note 1.500% Due 02/28/2020	13,035,000.00	02/28/2017 1.58%	13,003,050.30	99.29 2.37%	12,942,542.75 34,216.88	2.48% (60,507.55)	Aaa / AA+ AAA	0.83 0.81
313378J77	FHLB Note 1.875% Due 03/13/2020	3,000,000.00	05/16/2017 1.57%	3,025,080.00	99.52 2.44%	2,985,600.00 7,500.00	0.57% (39,480.00)	Aaa / AA+ NR	0.87 0.85
313370U55	FHLB Note 2.875% Due 09/11/2020	5,000,000.00	10/30/2018 2.90%	4,997,450.00	100.66 2.38%	5,032,820.00 19,965.28	0.97% 35,370.00	Aaa / AA+ AAA	1.37 1.33
3135G0U84	FNMA Note 2.875% Due 10/30/2020	5,000,000.00	10/30/2018 2.91%	4,996,750.00	100.80 2.33%	5,039,855.00 399.31	0.96% 43,105.00	Aaa / AA+ AAA	1.50 1.46
313371U79	FHLB Note 3.125% Due 12/11/2020	4,500,000.00	11/29/2018 2.86%	4,523,220.00	101.24 2.33%	4,556,011.50 54,687.50	0.88% 32,791.50	Aaa / AA+ AAA	1.62 1.55
3130AF5B9	FHLB Note 3.000% Due 10/12/2021	4,500,000.00	10/22/2018 3.05%	4,493,385.00	101.67 2.29%	4,575,352.50 7,125.00	0.88% 81,967.50	Aaa / AA+ NR	2.45 2.35

# Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2019

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
313383WD9	FHLB Note 3.125% Due 09/09/2022	4,000,000.00	09/27/2018 3.00%	4,019,040.00	102.66 2.30%	4,106,212.00 18,055.56	0.79% 87,172.00	Aaa / AA+ AAA	3.36 3.17
3130A3KM5	FHLB Note 2.500% Due 12/09/2022	6,000,000.00	08/16/2018 2.81%	5,924,640.00	100.65 2.31%	6,039,126.00 59,166.67	1.16% 114,486.00	Aaa / AA+ NR	3.61 3.40
313383QR5	FHLB Note 3.250% Due 06/09/2023	4,900,000.00	09/11/2018 2.97%	4,959,045.00	103.49 2.35%	5,071,019.80 62,815.28	0.98% 111,974.80	Aaa / AA+ NR	4.11 3.79
3133EJUS6	FFCB Note 2.875% Due 07/17/2023	6,000,000.00	02/07/2019 2.56%	6,078,480.00	101.91 2.40%	6,114,492.00 49,833.33	1.18% 36,012.00	Aaa / AA+ AAA	4.22 3.92
313383YJ4	FHLB Note 3.375% Due 09/08/2023	7,000,000.00	Various 2.65%	7,219,535.00	104.11 2.38%	7,287,539.00 34,781.25	1.40% 68,004.00	Aaa / AA+ NR	4.36 4.03
3130A0F70	FHLB Note 3.375% Due 12/08/2023	6,850,000.00	Various 2.75%	7,045,064.00	104.41 2.36%	7,151,838.40 91,832.81	1.38% 106,774.40	Aaa / AA+ AAA	4.61 4.21
3130AB3H7	FHLB Note 2.375% Due 03/08/2024	5,000,000.00	04/08/2019 2.38%	4,998,850.00	100.04 2.37%	5,002,125.00 17,482.64	0.96% 3,275.00	Aaa / AA+ NR	4.86 4.55
<b>TOTAL Agency</b>		<b>130,235,000.00</b>	<b>1.99%</b>	<b>130,665,117.30</b>	<b>2.39%</b>	<b>131,226,754.70</b> <b>625,051.44</b>	<b>25.19%</b> <b>561,637.40</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>1.95</b> <b>1.83</b>
<b>Cash</b>									
PP2118\$00	U.S. Bank Checking Account	40,667.34	Various 0.00%	40,667.34	1.00 0.00%	40,667.34 0.00	0.01% 0.00	NR / NR NR	0.00 0.00
PP2118V\$7	EastWest Bank Deposit Account	25,430,771.85	Various 2.47%	25,430,771.85	1.00 2.47%	25,430,771.85 0.00	4.98% 0.00	NR / NR NR	0.00 0.00

# Holdings Report

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>Cash</b>									
PP2118V\$8	EastWest Bank Deposit Account	107,091.01	Various 1.81%	107,091.01	1.00 1.81%	107,091.01 0.00	0.02% 0.00	NR / NR NR	0.00 0.00
PP2118V\$9	U.S. Bank Checking Account	13,844,627.50	Various 0.00%	13,844,627.50	1.00 0.00%	13,844,627.50 0.00	2.64% 0.00	NR / NR NR	0.00 0.00
<b>TOTAL Cash</b>		<b>39,423,157.70</b>	<b>1.60%</b>	<b>39,423,157.70</b>	<b>1.60%</b>	<b>39,423,157.70</b> <b>0.00</b>	<b>7.53%</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>Collateralized CD</b>									
PP2118V\$5	EastWest Bank Collateralized CD 1.550% Due 07/07/2019	10,673,423.10	Various 1.56%	10,673,423.10	100.00 1.56%	10,673,423.10 453.26	2.04% 0.00	NR / NR NR	0.19 0.18
PP2118\$02	EastWest Bank Collateralized CD 2.600% Due 10/24/2019	5,196,300.44	Various 2.60%	5,196,300.44	100.00 2.60%	5,196,300.44 2,591.04	0.99% 0.00	NR / NR NR	0.48 0.48
<b>TOTAL Collateralized CD</b>		<b>15,869,723.54</b>	<b>1.90%</b>	<b>15,869,723.54</b>	<b>1.90%</b>	<b>15,869,723.54</b> <b>3,044.30</b>	<b>3.03%</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.28</b> <b>0.28</b>
<b>LAIF</b>									
90LAIF\$00	Local Agency Investment Fund State Pool	49,792,880.66	Various 2.45%	49,792,880.66	1.00 2.45%	49,792,880.66 99,555.18	9.53% 0.00	NR / NR NR	0.00 0.00
<b>TOTAL LAIF</b>		<b>49,792,880.66</b>	<b>2.45%</b>	<b>49,792,880.66</b>	<b>2.45%</b>	<b>49,792,880.66</b> <b>99,555.18</b>	<b>9.53%</b> <b>0.00</b>	<b>NR / NR</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>Local Gov Investment Pool</b>									
90SDCP\$00	County of San Diego Pooled Investment Pool	56,562,880.00	Various 2.42%	56,562,880.00	1.00 2.42%	56,562,880.00 0.00	10.81% 0.00	NR / NR AAA	0.00 0.00
09CATR\$04	CalTrust Short Term Fund	1,581,990.34	Various 2.50%	15,835,842.01	10.03 2.50%	15,867,363.15 0.00	3.03% 31,521.14	NR / AA NR	0.00 0.00
<b>TOTAL Local Gov Investment Pool</b>		<b>58,144,870.34</b>	<b>2.44%</b>	<b>72,398,722.01</b>	<b>2.44%</b>	<b>72,430,243.15</b> <b>0.00</b>	<b>13.84%</b> <b>31,521.14</b>	<b>NR / AA</b> <b>Aaa</b>	<b>0.00</b> <b>0.00</b>
<b>Money Market Fund FI</b>									
262006307	Dreyfus Gov't Cash Management Money Market Fund	447,076.00	Various 2.08%	447,076.00	1.00 2.08%	447,076.00 0.00	0.09% 0.00	Aaa / AAA NR	0.00 0.00
<b>TOTAL Money Market Fund FI</b>		<b>447,076.00</b>	<b>2.08%</b>	<b>447,076.00</b>	<b>2.08%</b>	<b>447,076.00</b> <b>0.00</b>	<b>0.09%</b> <b>0.00</b>	<b>Aaa / AAA</b> <b>NR</b>	<b>0.00</b> <b>0.00</b>
<b>Negotiable CD</b>									
86563YVN0	Sumitomo Mitsui Bank NY Yankee CD 2.050% Due 05/03/2019	3,000,000.00	05/04/2017 2.05%	3,000,000.00	100.00 2.50%	2,999,880.00 30,579.17	0.58% (120.00)	A1 / A A	0.01 0.01
83050FXT3	Skandinav Enskilda BK NY Yankee CD 1.840% Due 08/02/2019	5,750,000.00	08/04/2017 1.86%	5,747,757.50	99.81 2.58%	5,738,833.50 25,862.22	1.10% (8,924.00)	Aa3 / A+ AA-	0.26 0.26
89114MNQ6	Toronto Dominion Bank Yankee CD 3.090% Due 12/02/2019	5,000,000.00	11/29/2018 3.09%	5,000,000.00	100.00 3.09%	5,000,000.00 65,233.33	0.97% 0.00	P-1 / A-1+ F-1+	0.59 0.58

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>Negotiable CD</b>									
90333VK82	US Bank National Association Negotiable CD 2.450% Due 02/28/2020	4,000,000.00	02/28/2019 2.45%	4,000,000.00	100.00 2.45%	4,000,000.00 16,877.78	0.77% 0.00	P-1 / A-1+ F-1+	0.83 0.82
87019U6D6	Swedbank Inc Negotiable CD 2.270% Due 11/16/2020	4,000,000.00	11/17/2017 2.27%	4,000,000.00	99.26 2.75%	3,970,484.00 41,868.89	0.77% (29,516.00)	Aa3 / AA- AA-	1.55 1.52
<b>TOTAL Negotiable CD</b>		<b>21,750,000.00</b>	<b>2.35%</b>	<b>21,747,757.50</b>	<b>2.69%</b>	<b>21,709,197.50</b> <b>180,421.39</b>	<b>4.18%</b> <b>(38,560.00)</b>	<b>Aa2 / AA</b> <b>AA</b>	<b>0.64</b> <b>0.63</b>
<b>Supranational</b>									
459058FZ1	Intl. Bank Recon & Development Note 1.875% Due 04/21/2020	3,000,000.00	04/28/2017 1.64%	3,020,550.00	99.47 2.43%	2,983,995.00 1,562.50	0.57% (36,555.00)	Aaa / AAA AAA	0.98 0.96
45950KCM0	International Finance Corp Note 2.250% Due 01/25/2021	2,125,000.00	02/13/2018 2.43%	2,113,992.50	99.77 2.38%	2,120,176.25 12,750.00	0.41% 6,183.75	Aaa / AAA NR	1.74 1.68
4581X0CV8	Inter-American Dev Bank Note 1.250% Due 09/14/2021	2,500,000.00	04/03/2018 2.66%	2,385,100.00	97.56 2.31%	2,438,875.00 4,079.86	0.47% 53,775.00	Aaa / NR NR	2.38 2.31
459058FY4	Intl. Bank Recon & Development Note 2.000% Due 01/26/2022	3,000,000.00	03/16/2018 2.73%	2,920,650.00	99.19 2.31%	2,975,670.00 15,833.33	0.57% 55,020.00	Aaa / NR AAA	2.75 2.63
4581X0CN6	Inter-American Dev Bank Note 1.750% Due 04/14/2022	2,000,000.00	09/27/2018 3.03%	1,914,620.00	98.32 2.34%	1,966,496.00 1,652.78	0.38% 51,876.00	Aaa / AAA AAA	2.96 2.86
<b>TOTAL Supranational</b>		<b>12,625,000.00</b>	<b>2.44%</b>	<b>12,354,912.50</b>	<b>2.36%</b>	<b>12,485,212.25</b> <b>35,878.47</b>	<b>2.39%</b> <b>130,299.75</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>2.11</b> <b>2.05</b>

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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
<b>US Corporate</b>									
89236TDE2	Toyota Motor Credit Corp Note 1.400% Due 05/20/2019	1,500,000.00	10/14/2016 1.44%	1,498,590.00	99.94 2.48%	1,499,092.50 9,391.67	0.29% 502.50	Aa3 / AA- A+	0.05 0.06
89236TBP9	Toyota Motor Credit Corp Note 2.125% Due 07/18/2019	1,000,000.00	10/14/2016 1.50%	1,016,700.00	99.90 2.56%	999,021.00 6,079.86	0.19% (17,679.00)	Aa3 / AA- A+	0.22 0.22
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.300% Due 09/11/2019	2,000,000.00	12/12/2016 1.88%	2,022,140.00	99.91 2.55%	1,998,150.00 6,388.89	0.38% (23,990.00)	A1 / A AA-	0.37 0.36
46625HKA7	JP Morgan Chase Callable Note Cont 12/23/2019 2.250% Due 01/23/2020	3,500,000.00	05/15/2017 2.15%	3,509,345.00	99.70 2.67%	3,489,332.00 21,437.50	0.67% (20,013.00)	A2 / A- AA-	0.73 0.72
166764BP4	Chevron Corp Note 1.991% Due 03/03/2020	3,500,000.00	05/15/2017 1.89%	3,509,660.00	99.52 2.57%	3,483,203.50 11,227.03	0.67% (26,456.50)	Aa2 / AA NR	0.84 0.83
30231GAG7	Exxon Mobil Corp Callable Note Cont 2/6/2020 1.912% Due 03/06/2020	3,000,000.00	07/28/2017 1.76%	3,011,430.00	99.48 2.54%	2,984,328.00 8,763.33	0.57% (27,102.00)	Aaa / AA+ NR	0.85 0.83
69371RN93	Paccar Financial Corp Note 2.800% Due 03/01/2021	1,000,000.00	04/03/2018 2.90%	997,270.00	100.31 2.63%	1,003,055.00 4,666.67	0.19% 5,785.00	A1 / A+ NR	1.84 1.77
911312BP0	UPS Note 2.050% Due 04/01/2021	2,280,000.00	11/14/2017 2.10%	2,276,397.60	99.03 2.57%	2,257,799.64 3,895.00	0.43% (18,597.96)	A1 / A+ NR	1.92 1.87
369550BE7	General Dynamics Corp Note 3.000% Due 05/11/2021	3,000,000.00	06/11/2018 3.14%	2,988,090.00	100.88 2.55%	3,026,400.00 42,500.00	0.59% 38,310.00	A2 / A+ NR	2.03 1.93
02665WBF7	American Honda Finance Note 1.650% Due 07/12/2021	2,000,000.00	07/02/2018 3.13%	1,915,520.00	97.95 2.61%	1,959,098.00 9,991.67	0.38% 43,578.00	A2 / A NR	2.20 2.13
594918BP8	Microsoft Callable Note Cont 7/8/21 1.550% Due 08/08/2021	3,000,000.00	09/15/2017 1.96%	2,954,280.00	97.85 2.53%	2,935,605.00 10,720.83	0.56% (18,675.00)	Aaa / AAA AA+	2.28 2.21



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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
69371RP42	Paccar Financial Corp Note 3.150% Due 08/09/2021	3,000,000.00	08/16/2018 3.09%	3,005,220.00	101.09 2.65%	3,032,817.00 21,525.00	0.58% 27,597.00	A1 / A+ NR	2.28 2.17
74005PAZ7	Praxair Note 3.000% Due 09/01/2021	1,800,000.00	04/03/2018 2.96%	1,802,340.00	101.00 2.56%	1,818,009.00 9,000.00	0.35% 15,669.00	A2 / A NR	2.34 2.24
69353REY0	PNC Bank Callable Note Cont 11/09/2021 2.550% Due 12/09/2021	2,000,000.00	07/13/2018 3.28%	1,953,160.00	99.76 2.65%	1,995,186.00 20,116.67	0.38% 42,026.00	A2 / A A+	2.61 2.48
459200JQ5	IBM Corp Note 2.500% Due 01/27/2022	2,000,000.00	08/16/2018 3.12%	1,960,160.20	99.32 2.76%	1,986,434.01 13,055.55	0.38% 26,273.81	A1 / A A	2.75 2.61
037833AY6	Apple Inc Note 2.150% Due 02/09/2022	4,000,000.00	09/15/2017 2.10%	4,008,680.00	98.97 2.54%	3,958,904.00 19,588.89	0.76% (49,776.00)	Aa1 / AA+ NR	2.78 2.66
74005PBA1	Praxair Callable Note Cont 11/15/2021 2.450% Due 02/15/2022	1,000,000.00	06/11/2018 3.18%	974,800.00	99.55 2.62%	995,525.00 5,172.22	0.19% 20,725.00	A2 / A NR	2.80 2.67
69353RFB9	PNC Bank Callable Note Cont 1/18/2022 2.625% Due 02/17/2022	2,000,000.00	06/11/2018 3.35%	1,950,240.00	99.99 2.63%	1,999,822.00 10,791.67	0.38% 49,582.00	A2 / A A+	2.81 2.67
68389XBB0	Oracle Corp Callable Note Cont 3/15/2022 2.500% Due 05/15/2022	3,000,000.00	07/02/2018 3.24%	2,920,290.00	99.48 2.68%	2,984,457.00 34,583.33	0.58% 64,167.00	A1 / AA- A	3.04 2.88
00440EAU1	Chubb INA Holdings Inc Callable Note Cont 9/3/2022 2.875% Due 11/03/2022	2,000,000.00	09/27/2018 3.47%	1,955,180.00	100.70 2.66%	2,013,990.00 28,430.56	0.39% 58,810.00	A3 / A A	3.52 3.12
24422EUA5	John Deere Capital Corp Note 2.700% Due 01/06/2023	3,500,000.00	Various 3.22%	3,422,355.00	99.86 2.74%	3,495,100.00 30,187.50	0.67% 72,745.00	A2 / A A	3.69 3.45
89236TEL5	Toyota Motor Credit Corp Note 2.700% Due 01/11/2023	2,000,000.00	07/13/2018 3.34%	1,946,860.00	99.90 2.73%	1,998,044.00 16,500.00	0.38% 51,184.00	Aa3 / AA- A+	3.70 3.47
44932HAH6	IBM Credit Corp Note 3.000% Due 02/06/2023	2,000,000.00	09/11/2018 3.34%	1,972,280.00	100.45 2.87%	2,009,064.00 14,166.67	0.39% 36,784.00	A1 / A A	3.78 3.52

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084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.750% Due 03/15/2023	2,000,000.00	07/13/2018 3.20%	1,961,020.00	100.27 2.67%	2,005,372.00 7,027.78	0.38% 44,352.00	Aa2 / AA A+	3.88 3.60
931142EK5	Wal-Mart Stores Callable Note Cont 5/26/2023 3.400% Due 06/26/2023	2,000,000.00	09/27/2018 3.31%	2,008,020.00	102.74 2.68%	2,054,872.00 23,611.11	0.40% 46,852.00	Aa2 / AA AA	4.16 3.75
02665WCJ8	American Honda Finance Note 3.450% Due 07/14/2023	2,000,000.00	09/11/2018 3.42%	2,002,420.00	102.73 2.76%	2,054,686.00 20,508.33	0.40% 52,266.00	A2 / A NR	4.21 3.86
89236TFS9	Toyota Motor Credit Corp Note 3.350% Due 01/08/2024	2,000,000.00	02/07/2019 3.07%	2,025,380.00	102.59 2.76%	2,051,898.00 21,030.56	0.40% 26,518.00	Aa3 / AA- A+	4.70 4.28
91159HHV5	US Bancorp Callable Note Cont 1/5/2024 3.375% Due 02/05/2024	2,000,000.00	02/07/2019 3.19%	2,017,220.00	102.74 2.75%	2,054,744.00 16,312.50	0.40% 37,524.00	A1 / A+ AA-	4.77 4.28
097023CC7	Boeing Co Callable Note Cont 2/1/2024 2.800% Due 03/01/2024	3,200,000.00	02/27/2019 2.91%	3,183,392.00	99.80 2.84%	3,193,603.20 18,915.56	0.61% 10,211.20	A2 / A A	4.84 4.47
<b>TOTAL US Corporate</b>		<b>67,280,000.00</b>	<b>2.74%</b>	<b>66,768,439.80</b>	<b>2.65%</b>	<b>67,337,611.85</b> <b>465,586.35</b>	<b>12.95%</b> <b>569,172.05</b>	<b>A1 / A+</b> <b>A+</b>	<b>2.64</b> <b>2.47</b>
<b>US Treasury</b>									
912828G61	US Treasury Note 1.500% Due 11/30/2019	13,400,000.00	12/05/2016 1.46%	13,416,750.00	99.45 2.46%	13,325,670.20 83,934.07	2.56% (91,079.80)	Aaa / AA+ AAA	0.59 0.57
912828H52	US Treasury Note 1.250% Due 01/31/2020	7,000,000.00	01/09/2017 1.53%	6,940,820.31	99.12 2.44%	6,938,204.00 21,754.14	1.33% (2,616.31)	Aaa / AA+ AAA	0.76 0.74
912828XE5	US Treasury Note 1.500% Due 05/31/2020	5,000,000.00	05/11/2017 1.58%	4,987,695.31	99.05 2.39%	4,952,540.00 31,318.68	0.95% (35,155.31)	Aaa / AA+ AAA	1.09 1.06
912828XM7	US Treasury Note 1.625% Due 07/31/2020	5,400,000.00	07/28/2017 1.56%	5,410,968.75	99.10 2.36%	5,351,486.40 21,816.30	1.03% (59,482.35)	Aaa / AA+ AAA	1.25 1.23

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912828G3	US Treasury Note 1.750% Due 11/15/2020	7,700,000.00	11/20/2017 1.83%	7,683,156.25	99.15 2.32%	7,634,426.80 62,163.67	1.47% (48,729.45)	Aaa / AA+ AAA	1.55 1.50
912828P87	US Treasury Note 1.125% Due 02/28/2021	8,500,000.00	10/13/2017 1.73%	8,331,992.19	97.91 2.29%	8,322,698.50 16,110.73	1.59% (9,293.69)	Aaa / AA+ AAA	1.84 1.80
912828Q37	US Treasury Note 1.250% Due 03/31/2021	3,500,000.00	10/25/2017 1.84%	3,431,230.47	98.08 2.28%	3,432,870.00 3,705.60	0.66% 1,639.53	Aaa / AA+ AAA	1.92 1.88
912828WG1	US Treasury Note 2.250% Due 04/30/2021	7,700,000.00	11/20/2017 1.90%	7,789,632.81	99.95 2.27%	7,696,388.70 470.79	1.47% (93,244.11)	Aaa / AA+ AAA	2.00 1.94
912828D72	US Treasury Note 2.000% Due 08/31/2021	8,500,000.00	10/13/2017 1.81%	8,560,761.72	99.41 2.26%	8,450,198.50 28,641.30	1.62% (110,563.22)	Aaa / AA+ AAA	2.34 2.26
912828T67	US Treasury Note 1.250% Due 10/31/2021	7,700,000.00	11/20/2017 1.96%	7,492,761.72	97.57 2.25%	7,513,213.40 261.55	1.44% 20,451.68	Aaa / AA+ AAA	2.51 2.44
912828WZ9	US Treasury Note 1.750% Due 04/30/2022	2,750,000.00	11/17/2017 2.00%	2,720,781.25	98.56 2.25%	2,710,468.75 131.49	0.52% (10,312.50)	Aaa / AA+ AAA	3.00 2.90
912828SV3	US Treasury Note 1.750% Due 05/15/2022	8,200,000.00	12/05/2017 2.09%	8,080,843.75	98.54 2.25%	8,080,526.00 66,200.28	1.56% (317.75)	Aaa / AA+ AAA	3.04 2.92
912828XW5	US Treasury Note 1.750% Due 06/30/2022	8,200,000.00	12/05/2017 2.13%	8,063,546.88	98.53 2.23%	8,079,238.60 47,965.47	1.55% 15,691.72	Aaa / AA+ AAA	3.17 3.04
912828L24	US Treasury Note 1.875% Due 08/31/2022	8,200,000.00	12/05/2017 2.14%	8,101,984.38	98.80 2.25%	8,101,345.80 25,903.53	1.55% (638.58)	Aaa / AA+ AAA	3.34 3.20

# Holdings Report

SDCRAA Consolidated - Account #10566

For the Month Ending April 30, 2019

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
912828L57	US Treasury Note 1.750% Due 09/30/2022	10,500,000.00	01/19/2018 2.39%	10,204,277.34	98.36 2.25%	10,327,327.50 15,563.52	1.98% 123,050.16	Aaa / AA+ AAA	3.42 3.29
<b>TOTAL US Treasury</b>		<b>112,250,000.00</b>	<b>1.87%</b>	<b>111,217,203.13</b>	<b>2.31%</b>	<b>110,916,603.15</b> <b>425,941.12</b>	<b>21.27%</b> <b>(300,599.98)</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>2.11</b> <b>2.04</b>
<b>TOTAL PORTFOLIO</b>		<b>507,817,708.24</b>	<b>2.16%</b>	<b>520,684,990.14</b>	<b>2.35%</b>	<b>521,638,460.50</b> <b>1,835,478.25</b>	<b>100.00%</b> <b>953,470.36</b>	<b>Aa1 / AA</b> <b>Aaa</b>	<b>1.37</b> <b>1.30</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>523,473,938.75</b>			

# Transactions Ledger

SDCRAA Consolidated - Account #10566

April 1, 2019 through April 30, 2019

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	04/09/2019	3130AB3H7	5,000,000.00	FHLB Note 2.375% Due: 03/08/2024	99.977	2.38%	4,998,850.00	10,225.69	5,009,075.69	0.00
	<b>Subtotal</b>		<b>5,000,000.00</b>				<b>4,998,850.00</b>	<b>10,225.69</b>	<b>5,009,075.69</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>5,000,000.00</b>				<b>4,998,850.00</b>	<b>10,225.69</b>	<b>5,009,075.69</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Maturity	04/05/2019	06417GUE6	4,000,000.00	Bank of Nova Scotia Yankee CD 1.91% Due: 04/05/2019	100.000		4,000,000.00	0.00	4,000,000.00	0.00
	<b>Subtotal</b>		<b>4,000,000.00</b>				<b>4,000,000.00</b>	<b>0.00</b>	<b>4,000,000.00</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>4,000,000.00</b>				<b>4,000,000.00</b>	<b>0.00</b>	<b>4,000,000.00</b>	<b>0.00</b>

# Important Disclosures

2019 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

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

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

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

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

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

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

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

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

# Benchmark Disclosures

## ICE BAML 0-5 Yr US Treasury Index

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



Questions?



## **FINANCE COMMITTEE**

Meeting Date: **MAY 23, 2019**

### **Subject:**

#### **Annual Review of Authority Policy 4.40 – Debt Issuance and Management**

### **Recommendation:**

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

### **Background/Justification:**

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

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

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

On an annual basis staff reviews the policy with the Authority's financial advisors and bond counsel. After this year's review, there are certain changes to Policy 4.40 are recommended. The recommended changes to the policy (as indicated on Exhibit A) include language that:

- Adjusts the annual Debt Service Coverage Target to 1.4x and Days Cash on Hand target to 600 days based on targets established in the new Airline and Operating Agreement that ensure the Authority's fiscal strength is maintained;
- Clarifies the Authority's intention to review and update Debt per Enplanement targets once the definition and Scope of the Airport Development Program are further advanced;
- Expands the definition of Direct Loans to include potential loans from entities that may not be defined as a financial institution (e.g. Government agency);

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**Page 2 of 2**

- Reflects changes from the 2017 Tax Cuts and Jobs Act that eliminated the opportunity to undertake tax-exempt refundings;
- Added language to reflect expanded SEC compliance requirements related to Financial Obligations that the Authority may incur; and
- Makes minor revisions to certain titles and descriptions;

The existence of an approved and current debt policy demonstrates that the Authority Board and staff are fiducially responsible, thereby promoting trust and confidence from the public that it serves.

**Fiscal Impact:**

None.

**Authority Strategies:**

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

Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

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

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

**Application of Inclusionary Policies:**

Not Applicable.

**Prepared by:**

SCOTT BRICKNER,  
VICE PRESIDENT/CFO

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## POLICIES

**ARTICLE 4 - FINANCE AND ACCOUNTING**

**PART 4.4 - DEBT**

**SECTION 4.40 - DEBT ISSUANCE AND MANAGEMENT POLICY**

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

**POLICY STATEMENT:**

**SECTION I. INTRODUCTION & EXECUTIVE SUMMARY**

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

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

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

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

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

**SECTION II. ROLES AND RESPONSIBILITIES**

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

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

**SECTION III. CAPITAL IMPROVEMENTS AND FINANCIAL PLANNING**

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

Facility Charges (PFCs), Customer Facility Charges (CFCs), and federal grants-in-aid are included as a funding source for certain eligible projects.

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

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

#### **SECTION IV. DEBT TARGETS**

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

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

##### 1) Rate Covenants

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

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

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

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

Subordinate Obligations – Under the Master Subordinate Indenture, the Authority has covenanted that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and

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

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

2) Additional Bonds Test and Additional Subordinate Obligations Test

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

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

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

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

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

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

3) Annual Debt Service Coverage Targets

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

The ~~current~~ minimum Debt Service Coverage ~~targets~~ target for Aggregate Debt Service ~~are~~ is:

~~➤ Bonds: 1.75x (for senior lien bonds)~~

~~— Aggregate Debt Service: \_\_\_\_\_~~

- ~~○ 1.50x, based upon Net Revenues divided by Aggregate Annual Debt Service on Bonds and Subordinate Obligations (for total debt service)~~
- ~~○ 1.20x~~40x, based upon an alternative “revenue method” calculation utilized by rating agencies where PFCs used to pay debt service and the Federal Interest Subsidy are added to Net Revenues (rather than deducted from Debt Service) with the sum divided by Aggregate Annual Debt Service for Bonds and Subordinate Obligations and Other Debt Service

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

~~As the Authority advances the definition and scope of the planned Airport Development Program, the Authority anticipates potential revisions to the coverage targets.~~

4) Airline Costs Per Enplaned Passenger Target

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

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

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

~~The~~ As the Authority advances the definition and scope of the planned Airport Development Program a debt (excluding special facility financing) per enplaned passenger target will be established that is compatible with the Airport Development Plan of Finance.

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

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

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

6) Liquidity Target

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

The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, and O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least ~~500-600~~ days of budgeted operating and maintenance expenses for the current fiscal year.

7) Credit Ratings Target

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

**SECTION V. TYPES OF FINANCING – DESCRIPTION AND APPROACH**

1) Bonds and Subordinate Obligations of the Authority

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

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

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



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

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

2) PFC-Supported Bonds and Subordinate Obligations

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

3) Special Facility Financings

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

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

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

(B) With respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a “Special Facility” or “Special Facilities,” the estimated Net Revenues, calculated without including the new Special Facilities Revenue and without including any operation and maintenance expenses of the Special

Facility as Operation and Maintenance Expenses of the Airport System, will be sufficient so that the Authority will be in compliance with the Rate Covenant; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes may be considered Balloon Indebtedness under the Master Indenture, which specifies that, for purposes of calculating the Aggregate Annual Debt Service of Balloon Indebtedness, such Bonds shall be assumed to be amortized in substantially equal annual amounts for principal and interest over a period of 30 years at an interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, or if that index is no longer published, another similar index selected by the Authority. If the Authority fails to select a replacement index, the rate shall be the rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Master Indenture. Issuance of BANs and

GANs should not occur in amounts or result in amortization that would result in the failure by the Authority of its ability to satisfy its rate covenants and the debt coverage goals contained in this Policy.

5) Capital Appreciation Bonds and Zero Coupon Bonds

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

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

6) Commercial Paper

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

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

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

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

The Authority may issue Commercial Paper as sources of interim financing for capital projects. Before issuing such Commercial Paper notes, the take out of such Commercial

Paper must be anticipated in the financing plan and determined to be feasible and advantageous by the Authority.

7) Floating Rate Notes and Revolving Credit Facilities

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

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

8) Equipment Leases

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

9) Installment Payment Agreement

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

10) Direct Loans

The Authority may also enter into a direct loan with a financial institution or other lending entity to meet certain of its financing needs. A direct loan is made directly

with a financial institution or other lending entity and may be a fixed or variable product. The Authority may use direct loans as interim or permanent financing for capital projects or to refinance outstanding debt.

**SECTION VI. FEATURES OF LONG-TERM DEBT**

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

1) Selection of Final Maturity and Amortization of Principal

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

2) Use of Capitalized Interest

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

3) Tax Status

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

4) Sizing of Debt Service Reserve Funds

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

5) Selection of Redemption Provisions

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

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

6) Use of Discount Bonds

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

7) Use of Premium Bonds

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

8) Minimum Criteria for Debt Financing Equipment Items

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

**SECTION VII. REFUNDING OPPORTUNITIES**

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

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

Under current Internal Revenue Code provisions, only a current refunding of tax-exempt bonds is permitted on a tax-exempt basis. A current refunding involves requires issuing refunding bonds no earlier than ninety (90) days prior to the bond's optional redemption date. Federal tax law does not

~~limit the number of current refundings of any bond. An Advance Refunding involves refunding tax-exempt bonds more than 90 days in advance of the bond's first optional redemption date. Currently, only Governmental Purpose tax-exempt bonds (as that term is defined in the Internal Revenue Code) may be advance refunded. An Advance Refunding is an important debt management tool for the Authority. Advance Refundings are commonly used to achieve interest cost savings, to remove or change burdensome bond covenants or to restructure future debt service payments. For bonds issued after December 31, 1985, only one Advance Refunding of Governmental Purpose tax-exempt bonds may occur under Federal tax law and thus the Authority must carefully evaluate the appropriateness of Advance Refunding when an opportunity arises. A current refunding involves issuing refunding bonds no earlier than ninety (90) days prior to the bond's optional redemption date. Federal tax law does not limit the number of current refundings of any bond.~~

~~Given the limitations on refunding outstanding tax-exempt bonds The Authority will anticipate the potential for Advance Refundings when issuing new debt. Careful attention will be given to pricing considerations that will affect future Advance Refunding flexibility and the impact early such as optional redemption provisions and interest characteristics have on pricing.~~

The following considerations apply when the Authority considers refunding opportunities:

1) Monitor Potential Savings:

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

2) Target Savings Amounts:

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

<i>Years from the date of first call to Maturity Date of the Bonds</i>	Years to the first Call Date		
	After the First Call Date to Up to <del>190 Year</del> <u>Days</u> Before	<u>90 Days</u> to 3 Years Before the First Call Date	More than 3 Years Before the First Call Date
0-5 Years	0.5%	1.0%	2.0%
6-10 Years	1.0%	2.5%	4.0%
11-20 Years	3.0%	4.0%	5.0%



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

3) Other Considerations:

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

4) Non-Traditional Refundings:

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

**SECTION VIII. ISSUANCE OF VARIABLE RATE DEBT**

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

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

1) Purposes of Variable Rate Debt

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

(A) Interim Financing Tool

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

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

(B) Statement of Net Position Management Tool

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

(C) Diversify Investor Base to Lower Costs

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

(D) Management of Negative Arbitrage

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

2) Criteria for Use of Variable Rate Debt

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

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

- (i) The historic average of cash balances analyzed over the course of several prior fiscal years.

(ii) Projected cash balances based on known demands on the given fund.

(iii) Any basis risk, such as differences in the performance or average life of the Authority's investment vehicle (e.g., swaps, as discussed in Section IX) and the variable rate debt instrument.

3) **Diversification of Remarketing Agents and Counterparties**

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

4) **Budgeting**

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

5) **Monitoring and Reporting**

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

**SECTION IX. DERIVATIVES**

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

**SECTION X – METHOD FOR SALE OF DEBT**

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

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

*Role of Underwriters in Negotiated Sale*

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

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

*Underwriter Selection in Negotiated Sale*

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

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

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

**SECTION XI. INVESTMENT OF BOND PROCEEDS**

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

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

1) Compliance with Federal Tax Law

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

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

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

2) Initial Disclosure

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

3) Continuing Disclosure

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

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

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

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

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

~~(K)~~

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

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

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

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

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

(C) Optional, unscheduled or contingent bond calls;

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

(E) Non-payment related defaults;

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

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

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

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

### **SECTION XIII. RATINGS AGENCIES AND INVESTOR RELATIONS**

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

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

### **SECTION XIV. AMENDMENTS TO DEBT ISSUANCE AND MANAGEMENT POLICY**

**POLICY SECTION NO. 4.40**

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



**GLOSSARY (PROVIDED FOR INFORMATIONAL PURPOSES ONLY)**

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

Advance Refunding: A refunding that occurs more than 90 days in advance of the first optional redemption date. ~~Under current prior IRS regulations, Governmental Purpose tax-exempt bonds issued after December 31, 1985 are were permitted only one advance refunding. Additionally, certain private activity bonds may not~~ Under current Internal Revenue Code Provisions no tax exempt bonds may be advance refunded on a tax-exempt basis.

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

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

Alternative Minimum Tax: ~~Other than for certain private activity bonds issued during the AMT “waiver” period authorized by the American Recovery and Reinvestment Act of 2009 (“ARRA”), interest on tax-exempt private activity bonds (held by individuals) issued after August 7, 1986 (other than bonds for 501(c)(3) organizations and refundings of pre-August 8, 1986 bonds) January 1, 2018 is generally subject to the Alternative Minimum Tax (“AMT”) as a specific item of tax preference; provided however- ARRA exempted new money and certain refundings of private activity bonds issued in 2009 and 2010 from the AMT penalty. certain new money private activity bonds previously issued during the AMT “waiver” period authorized by the American Recovery and Reinvestment Act of 2009 can be current refunded and exempt from AMT.~~

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

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

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

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

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

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

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

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

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

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

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

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

**Bullet Maturity:** See Balloon Maturity.

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

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

principal amount is counted against an issuer's statutory debt limit, rather than the total par value at maturity.

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

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

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

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

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

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

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

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

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

Debt Service Coverage: The ratio of Net Revenues annually available to pay debt service on bonds to the annual debt service requirement. This ratio is one indicator of the credit quality of a bond

issue. For example, a coverage ratio of “1.50x” means that for every \$1.00 of annual debt service, the bond issuer has \$1.50 of annual net revenues.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



# ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY POLICY 4.40

## DEBT ISSUANCE AND MANAGEMENT POLICY



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

Presented by:  
John Dillon,  
*Director, Finance & Risk  
Management*

*May 23<sup>rd</sup> 2019*

# Debt Policy - Overview

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

# Debt Policy - Objectives

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

# Debt Policy - Objectives

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

# Debt Policy Amendments

Section (IV)(3) Annual Debt Service Coverage Target:

Update the coverage target based upon the minimum coverage established in the new Airline Operating and Lease Agreement (AOLA).

- Aggregate debt service coverage ratio target adjusted to 1.4X (i.e. net revenues must be at least 1.4X debt service)
- Calculated using revenue method (PFCs offset added to revenue as opposed to offsetting debt)

# Debt Policy Amendments

Section (IV) (5) Targets for Debt per Enplaned passenger.

- Policy clarifies that the Authority's intention is to establish a new target once the definition and scope of the planned Airport Development Program is advanced

# Debt Policy Amendments

## Section (IV) (6) Liquidity Target

Added language recommended by our financial advisor, consistent with commitments in the new AOLA and that will strengthen the Authority's Financial position.

- New Target set at 600 Days of budgeted operating and maintenance expenses

# Debt Policy Amendments

## Section (IV)(7) Credit Ratings Target:

Simplification to ratings target language.

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



# Debt Policy Amendments

## Section (V) (10) Types of Financing

Added language to include ensure loans from governmental entities are included in the definition of direct loans

### “Direct Loans

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

# Debt Policy Amendments

## Section VII Refunding Opportunities

The 2017 Tax Cuts and Jobs Act eliminated the opportunity to undertake tax-exempt advance refundings. This change in the tax code required language changes to the Refunding Opportunities section.

- Removed references to Tax-exempt Advance refundings
- Eliminated duplicate language relating to refundings undertaken for reasons other than economic purposes
- Adjusted target savings table to reflect the amended refunding window

# Debt Policy Amendments

Section (XII)(3) Compliance with federal tax law and market disclosure obligations:

Added language to reflect expanded SEC compliance requirements.

- Required to disclose an incurrence of a material Financial Obligation (any debt obligation)
- Required to disclose a default or similar event on a financial obligation which reflects financial duress.

# Debt Policy Amendments

The Authority updated and added a number of items in the glossary. These included the definitions of:

“Advance Refunding”, “Alternative Minimum Tax”,  
“Financial Obligation”, “Other Debt Service” and  
“Revolving Credit Facility”

# Action Requested

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

# Questions?



**FINANCE COMMITTEE**

Meeting Date: **MAY 23, 2019**

**Subject:**

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

**Recommendation:**

Forward to the Board with a recommendation to accept the review of Authority Policy 4.20 - Guidelines for Prudent Investments, and delegating authority to invest and manage Authority funds to the Vice President, Chief Financial Officer.

**Background/Justification:**

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

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

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

As a result of the annual review, by staff, and the Authority's financial and investment advisors, no changes to Policy 4.20 are recommended.

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

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

**Page 2 of 2**

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

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

**Fiscal Impact:**

None.

**Authority Strategies:**

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

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

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

**Application of Inclusionary Policies:**

Not Applicable.

**Prepared by:**

SCOTT BRICKNER,  
VICE PRESIDENT, CHIEF FINANCIAL OFFICER



**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**POLICIES**

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

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

**POLICY STATEMENT:**

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

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

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

(2) Objectives.

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

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

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

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

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

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

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

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

(3) Authority to Invest Funds.

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

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

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

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

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

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

(5) Placement of Trade Execution Orders.

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

(6) Authorized Investments.

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

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

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

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

(d) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances which are eligible for purchase by the Federal Reserve System and are rated in the highest category by a nationally recognized statistical rating organization (NRSRO), may not exceed 180 days to maturity or 40% of the market value of the portfolio. No more than 5% of the market value of the portfolio may be invested in banker's acceptances issued by any one bank. Cal. Gov. Code §53601(g)

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

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

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

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

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

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

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

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

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

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

The term of the agreement may not exceed one year.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

All investment officers shall be bonded.

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

(10) Reporting Requirements.

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

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

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

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

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

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

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

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

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

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

In addition, the Authority's Treasurer shall:

(a) Establish an annual process of an independent review by an external examiner.

(b) Develop performance standards. Those performance standards will be reviewed by the Treasurer and presented as an information item to the President/CEO and the Board. On a quarterly basis, as part of the reporting requirements the Authority's Treasurer shall report actual compared to the performance standard and any substantial deviations shall be explained.

(c) Review the Authority's investment policy annually at a public meeting and obtain Board approval and adoption of the policy to ensure its consistency with the Authority's objectives of preservation of principal, liquidity, rate of return and the policy's relevance to current law and financial and economic trends. The Authority's Treasurer is responsible for maintaining guidance over the Authority's investment policy and ensuring that the Authority can adapt readily to changing market conditions and shall submit to the Board any modification to the investment policy prior to implementation.

(12) Glossary of Terms.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Portfolio:** Collection of securities held by an investor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

# ANNUAL REVIEW TO AUTHORITY POLICY 4.20

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



**SAN DIEGO**  
INTERNATIONAL AIRPORT

LET'S **GO.**

**Presented by:**

Geoff Bryant,  
*Manager, Airport Finance*

*May 23, 2019*

# Investment Policy - Overview

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

# Investment Policy - Overview

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

# Investment Policy – 2019 Updates

- Annual Review of Investment Policy undertaken by Staff, Investment Advisors and Financial Advisors has found no amendments are currently required.

# Delegation of Investment Authority

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

# Action Requested

- Forward Delegation of authority to invest and manage Authority funds to the Vice President, Chief Financial Officer to Board for approval

# Questions?





**EXECUTIVE COMMITTEE** Meeting Date: **MAY 23, 2019**

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**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 2018-2019 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, BOARD SERVICES/AUTHORITY CLERK

# **TRAVEL REQUEST**

**KIM BECKER**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
OUT-OF-TOWN TRAVEL REQUEST**

**GENERAL INSTRUCTIONS:**

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

**1. TRAVELER:**

Travelers Name: Kimberly J. Becker Dept: 6

Position:  Board Member  President/CEO  Gen. Counsel  Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

**2. DATE OF REQUEST:** 05/02/19 **PLANNED DATE OF DEPARTURE/RETURN:** 07/16/19 / 07/17/19

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

Destination: Newport Beach, CA Purpose: GAC Directors Meeting & U.S. Travel Board Meeting

Explanation:

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

<b>A. TRANSPORTATION COSTS:</b>	
• AIRFARE	\$ _____
• *RENTAL CAR (Must complete page 2)	\$ _____
• OTHER TRANSPORTATION (Taxi, Train)	\$ <b>100.00</b>
<b>B. LODGING</b>	\$ <b>250.00</b>
<b>C. MEALS</b>	\$ <b>50.00</b>
<b>D. SEMINAR AND CONFERENCE FEES</b>	\$ _____
<b>E. ENTERTAINMENT (If applicable)</b>	\$ _____
<b>F. OTHER INCIDENTAL EXPENSES</b>	\$ _____
<b>TOTAL PROJECTED TRAVEL EXPENSE</b>	\$ <b>400.00</b>

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

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: Kimberly J Becker Date: 5/13/19

**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.)

# SUMMER Board Meeting

July 17-21, 2019  
Newport Beach, California

## PRELIMINARY SCHEDULE OF EVENTS (as of 4.15.19)

All business sessions and lodging are at the Newport Beach Marriott Hotel & Spa, 900 Newport Center Drive, Newport Beach, CA 92660.

Attire for business sessions and meals is resort casual (no ties) unless otherwise noted. Evenings may be cool, so bring a sweater or light jacket. For all outdoor activities, be sure to bring sunglasses and sunscreen. For biking, wear secured closed-toe shoes.

All organized meals and group activities are complimentary. Information on activities will be sent to you when registration opens in mid-May. Advanced sign-up is required for all group activities; participation will be confirmed when you pick up your packet at the Registration Desk in the Registration & Hospitality Room. **Minors under 16 years old must be accompanied by a parent or guardian on all activities. Please note that age and weight restrictions may vary on specific activities and will be strictly enforced.**

### WEDNESDAY, JULY 17

Gateway Airports Council Meeting ( <i>Members only</i> ) (Breakfast and lunch included)	8:30 a.m.-1:00 p.m. ✓
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Strategic Growth Task Force ( <i>Members only</i> )	10:00-11:00 a.m.
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Compensation Committee ( <i>Members only</i> )	11:00 a.m.-Noon
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Registration and Hospitality Room	Noon-7:30 p.m.
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Executive Committee Meeting ( <i>Members only</i> )	2:00-4:45 p.m. ✓
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New Director Orientation	5:15-6:00 p.m.
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Welcome Reception	6:30-8:00 p.m.
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### THURSDAY, JULY 18

Breakfast	7:00-9:00 a.m.
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Registration and Hospitality Room	7:00 a.m.-12:30 p.m.
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Board Meeting Session #1	8:00 a.m.-Noon
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Morning Group Activity Options for Guests and Sponsors  
(*Note: Board members will be in meetings.*)

**THURSDAY, JULY 18 (Continued)**

Lunch	12:15-1:15 p.m.
Afternoon Activity Options for Everyone	
Travel PAC Auction with Reception and Dinner	6:30-10:00 p.m.

**FRIDAY, JULY 19**

Breakfast	7:30-9:00 a.m.
Registration and Hospitality Room	7:30 a.m.-12:30 p.m.
Board Meeting Session #2	9:00 a.m.-Noon
Morning Group Activity Options for Guests and Sponsors (Note: Board members will be in meetings.)	
Lunch	12:15-1:15 p.m.
Afternoon Activity Options for Everyone	
Reception and Dinner The Cannery (Newport Beach)	6:30-10:00 p.m.

**SATURDAY, JULY 20**

Breakfast	7:00-9:30 a.m.
Registration and Hospitality Room	7:00-9:30 a.m.
Activity Options for Everyone	
Reception and Dinner <i>Terra Laguna Beach</i>	6:15-8:00 p.m.
Evening Event <i>Pageant of the Masters (Laguna Beach)</i>	8:00-10:30 p.m.

**SUNDAY, JULY 21**

Breakfast	7:00-10:00 a.m.
Departures ( <i>Transportation on own</i> )	

**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:** 05/01/19 **PLANNED DATE OF DEPARTURE/RETURN:** 08/05/19 / 08/06/19

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

Destination: Dallas, TX Purpose: Air Service Meeting with Southwest Headquarters

Explanation:

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

**A. TRANSPORTATION COSTS:**

- AIRFARE \$ 1,100.00
- \*RENTAL CAR (Must complete page 2) \$ \_\_\_\_\_
- OTHER TRANSPORTATION (Taxi, Train) \$ \_\_\_\_\_

**B. LODGING** \$ 200.00

**C. MEALS** \$ 100.00

**D. SEMINAR AND CONFERENCE FEES** \$ \_\_\_\_\_

**E. ENTERTAINMENT (If applicable)** \$ \_\_\_\_\_

**F. OTHER INCIDENTAL EXPENSES** \$ \_\_\_\_\_

**TOTAL PROJECTED TRAVEL EXPENSE** \$ 1,400.00

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

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: Kimberly J Becker Date: 5/3/19

**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.)



## Casey Diane

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**Subject:** CONFIRMED MEETING WITH SOUTHWEST AIRLINES (WN)  
**Location:** 2702 Love Field Dr., Dallas, TX 75235

**Start:** Tue 8/6/2019 8:00 AM  
**End:** Tue 8/6/2019 7:00 PM  
**Show Time As:** Out of Office

**Recurrence:** (none)

**Meeting Status:** Accepted

**Organizer:** Brown Hampton  
**Required Attendees:** Becker Kimberly; D'Ambrosio Domenico; D'Amico Brian  
**Optional Attendees:** Platt Robyn; Casey Diane

**Categories:** Out of Office, Offsite Meetings

Exact timing of meeting TBD

Southwest Headquarters (Love Field – DAL)

Meeting and Lunch with the Network Planning Team

### Agenda

San Diego Region Update  
Current Network Performance  
Future Network Requests (Intl focus CUN, LIR)

**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: 05/01/19 PLANNED DATE OF DEPARTURE/RETURN: 08/21/19 / 08/22/19

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

Destination: San Francisco, CA Purpose: FAA Noise Forum

Explanation:

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

A. TRANSPORTATION COSTS:	
• AIRFARE	\$ <u>500.00</u>
• *RENTAL CAR (Must complete page 2)	\$ _____
• OTHER TRANSPORTATION (Taxi, Train)	\$ <u>60.00</u>
B. LODGING	\$ <u>550.00</u>
C. MEALS	\$ <u>100.00</u>
D. SEMINAR AND CONFERENCE FEES	\$ _____
E. ENTERTAINMENT (If applicable)	\$ _____
F. OTHER INCIDENTAL EXPENSES	\$ _____
<b>TOTAL PROJECTED TRAVEL EXPENSE</b>	<b>\$ <u>1,210.00</u></b>

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

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature:  Date: 5/6/19

**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.)

## Casey Diane

---

**Subject:** Noise Forum  
**Location:** SFO

**Start:** Thu 8/22/2019 8:00 AM  
**End:** Thu 8/22/2019 4:30 PM  
**Show Time As:** Tentative

**Recurrence:** (none)

**Meeting Status:** Tentatively accepted

**Organizer:** shannon.ctr.rock@faa.gov

Greetings everyone,

It was great to see you last week, we landed on August 22, 2019 in San Francisco for the next forum, this is the placeholder. I will send out the notes and briefings from our Phoenix meeting soon.

Here are some recommended hotels:

Bay Landing San Francisco Airport Hotel  
1500 Bayshore Hwy  
Burlingame, CA 94010  
650.259.9000

Hyatt Regency San Francisco Airport  
1333 Bayshore Hwy  
Burlingame, CA 94010  
650.347.1234

San Francisco Airport Marriott Waterfront  
1800 Old Bayshore Highway  
Burlingame, CA 94010  
650.692.9100

Questions, reach out to me at [Shannon.ctr.rock@faa.gov](mailto:Shannon.ctr.rock@faa.gov)

~Shannon

**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: 05/09/19 PLANNED DATE OF DEPARTURE/RETURN: 09/11/19 09/15/19

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

Destination: Tampa, FL Purpose: ACI-NA Annual Conference & Exhibition

Explanation: \_\_\_\_\_

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

**A. TRANSPORTATION COSTS:**

- AIRFARE \$ 600.00
- \*RENTAL CAR (Must complete page 2) \$ \_\_\_\_\_
- OTHER TRANSPORTATION (Taxi, Train) \$ 100.00

**B. LODGING**

\$ 650.00

**C. MEALS**

\$ 225.00

**D. SEMINAR AND CONFERENCE FEES**

\$ 795.00

**E. ENTERTAINMENT (If applicable)**

\$ \_\_\_\_\_

**F. OTHER INCIDENTAL EXPENSES**

\$ \_\_\_\_\_

**TOTAL PROJECTED TRAVEL EXPENSE** \$ 2,370.00

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

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature:  Date: 5/10/19

**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.)

**2019 ACI-NA ANNUAL CONFERENCE AND EXHIBITION**  
**September 15 – September 17, 2019**  
**Tampa, FL**

**Conference Schedule at a Glance (schedule subject to change at any time)**

**Friday, September 13, 2019**

- 12:00 pm – 1:30 pm ACI-NA Executive Committee and Past Chairs Meeting (*invitation only*)
- 2:00 pm – 5:00 pm ACI-NA Executive Committee Meeting (*Executive Committee members only*)

**Saturday, September 14, 2019**

- 7:30 am – 6:30 pm Check-in / Registration
- 7:30 am – 6:30 pm TPA Welcome Desk
- 9:00 am – 12:00 pm U.S. Policy Council Meeting
- 8:30 am – 12:00 pm Operations & Technical Affairs Committee Workshop
- 8:30 am – 5:00 pm Business Information Technology Committee Workshop
- 8:30 am – 5:30 pm Legal Affairs Committee Workshop
- 9:00 am – 10:00 am Environmental Affairs Committee: Land Use and Natural Resources Working Groups
- 10:30 am – 12:00 pm Environmental Affairs Committee: Water Quality Working Group
- 10:30 am – 12:00 pm Environmental Affairs Committee: Waste Management Working Group
- 12:00 pm – 1:15 pm Networking Lunch (for Committee Workshop Attendees)
- 12:15 pm – 1:15 pm ACI-NA Committee Chairs, ACI-NA Board Luncheon (*invitation only*)
- 1:15 pm – 2:45 pm Operations & Technical Affairs Committee: Construction and Project Delivery Working Group
- 1:15 pm – 2:45 pm Operations & Technical Affairs Committee: Facilities and Maintenance Working Group
- 1:15 pm – 2:45 pm Environmental Affairs Committee: Sustainability Working Group
- 1:45 pm – 3:00 pm ACI-NA Board of Directors Meeting
- 3:00 pm – 6:00 pm CAC Council of Chairs Meeting
- 3:15 pm – 4:45 pm Operations & Technical Affairs Committee: Joint NextGen and Operations & Safety Working Group
- 3:15 pm – 4:45 pm Operations & Technical Affairs Committee: Planning & Development Working Group
- 3:15 pm – 5:00 pm Environmental Affairs Steering Group Meeting
- 5:00 pm – 6:30 pm Operations & Technical Affairs Steering Group Meeting
- 6:30 pm – 9:30 pm Board of Directors and Commissioners Leadership Dinner (*invitation only*)

**Sunday, September 15, 2019**

- 7:30 am – 7:00 pm Check-in / Registration
- 7:30 am – 7:00 pm TPA Welcome Desk
- 7:30 am – 8:45 am Committee Chairs Information Exchange Breakfast (*invitation only*)

- 8:00 am – 9:00 am      **Networking Breakfast**
- 8:00 am – 11:00 am    **CAC Large Airports Caucus Meeting** (*closed meeting, CAC members only*)
- 8:00 am – 2:00 pm      **Exhibition Hall Move-In**
- 8:00 am – 11:00 am    **CAC Small Airports Caucus Meeting** (*closed meeting, CAC members only*)
- 9:00 am – 12:00 pm    **ACI-NA WBP/Associates Board of Directors Meeting**
- 9:00 am – 4:45 pm      **Environmental Affairs Committee Workshop**
- 9:00 am – 4:45 pm      **Operations & Technical Affairs Committee Workshop**
- 9:00 am – 4:45 pm      **Legal Affairs Committee Workshop**
- 9:00 am – 4:45 pm      **Business Information Technology Committee Workshop**
- 9:00 am – 4:45 pm      **Finance Committee Workshop**
- 10:30 am – 12:00 pm   **Commissioners Committee Meeting**
- 11:15 am – 12:15 pm   **Joint U.S. and Canadian Policy Council Meeting**
- 12:15 pm – 1:45 pm    **Canadian Policy Council Meeting** (*closed meeting, Policy Council members only*)
- 1:00 pm – 3:00 pm      **Medium Hub Committee Meeting** (*Airport members only*)
- 1:00 pm – 3:00 pm      **Large Hub Committee Meeting** (*Airport members only*)
- 1:00 pm – 4:00 pm      **Small Airports Committee Meeting**
- 2:00 pm – 4:30 pm      **Canadian Policy Council & Membership Meeting** (*open to CAC Members only*)
- 2:00 pm – 4:45 pm      **Business Diversity Committee Meeting**
- 2:30 pm – 3:00 pm      **PM Networking Break**
- 3:00 pm – 5:00 pm      **Press Office Open**
- 4:00 pm – 4:45 pm      **ACI-NA VIP Reception** (*invitation only for member exhibitors, airport OR's and annual conference sponsors*)
- 5:00 pm – 7:00 pm      **Exhibition Hall Grand Opening** (*Reception in Exhibit Hall*)

**Monday, September 16, 2019**

- 7:30 am – 10:00 am    **Exhibition Hall Open** (*Networking Breakfast in Exhibit Hall from 7:30 am- 9:00 am*)
- 7:30 am – 7:00 pm      **Registration**
- 7:30 am – 7:00 pm      **TPA Welcome Desk**
- 10:00 am – 11:30 am   **General Session I: Welcome and Keynote Address**  
**Welcome:**  
Kevin M. Burke, President and CEO, ACI-NA  
Candace S. McGraw, Chair, ACI-NA  
Joseph W. Lopano, Chief Executive Officer, Tampa International Airport
- 11:30 am – 12:00 PM   **ACI-NA Downes Award Presentation**
- 12:00 pm – 1:00 pm    **PAC Luncheon** (*invitation only*)
- 12:00 pm – 3:00 pm    **Exhibition Hall Open** (*Lunch Served in Exhibit Hall from 12 pm – 1:30 pm*)

5:15 pm – 6:45 pm      **Exhibition Hall Reception**

**Tuesday, September 17, 2019**

7:30 am – 4:00 pm      **Registration**

7:00 am – 4:00 pm      **TPA Welcome Desk**

8:00 am – 9:30 am      **World Business Partner/Associate Member and Airport Director Roundtable Breakfast**  
*(Open to all ACI-NA WBP/Associate members & ACI-NA member airport directors)*

9:30 am – 10:30 am    **General Session II**

10:30 am – 11:00 am   **Airport Membership Meeting** in Exhibit Hall *(ACI-NA Airport Official Representatives only)*

10:30 am – 3:00 pm    **Exhibition Hall Open** *(Lunch Served in Exhibit Hall from 11:30 am – 1:00 pm)*

11:00 am – 11:15 am   **ACI World Special Meeting of Members** in Exhibit Hall *(invitation only)*

3:00 pm – 7:00 pm      **Exhibition Hall Move-Out**

5:30 pm – 6:30 pm      **Chair's Reception and Recognition Ceremony**

7:00 pm – 11:00 pm    **Closing Night Event**

**Wednesday, September 18, 2019**

8:00 am – 10:00 am    **Airport Tour**



# 2019 Annual Conference & Exhibition

September 15 - 17, 2019  
Tampa Convention Center  
Tampa, FL

**REGISTER NOW**

Early Bird Registration (Before August 2)  
Regular Registration (After August 2)

EVENT	REGISTRATION	<b>HOTELS</b>	KEYNOTE	AGENDA	COMMITTEE WORKSHOPS
		<b>SPONSOR</b>	EXHIBIT	CONTACT US	

ACI-NA has contracted hotel rooms at discounted rates on your behalf. If our contracted obligations are not met, we pay substantial penalty fees to the hotel, thus requiring an increase in registration rates in the future.

We are able to monitor attendance through our room block. This enables us to be better prepared and helps with cost containment. Booking within our block helps us to maintain our strong business value, which is critical to our negotiations with future cities and cost-containment efforts.

#### **Need to know**

- Be sure to identify yourself as being with the ACI-NA Group to receive the discounted rates.
- The booking deadline for discounted hotel rates is **Sunday, August 18, 2019. The discounted rooms and the hotel may sell out prior to the booking deadline, so make your reservations early.**
- There is no designated "headquarters hotel."
- Hotel accommodations should be booked directly through the hotel website, not through any other third-party company offering hotel reservation services. ACI-NA does not contract any third-party companies to manage hotel reservations.





**Tampa Marriott Water Street**

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Guidelines](#)

[Annual Conference Registration &  
Cancellation Policies](#)

[Frequently Asked Questions](#)

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Phone 202-293-8500 / Fax 202-331-1362

**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:** 05/09/19 **PLANNED DATE OF DEPARTURE/RETURN:** 09/16/19 09/25/19

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

Destination: Auckland, New Zealand and Adelaide, Australia Purpose: Meeting with New Zealand Airlines Regarding Air Service Development and World Routes 2019 Conference

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

<b>A. TRANSPORTATION COSTS:</b>	
• AIRFARE	\$ <u>6,600.00</u>
• *RENTAL CAR (Must complete page 2)	\$ _____
• OTHER TRANSPORTATION (Taxi, Train)	\$ <u>300.00</u>
<b>B. LODGING</b>	\$ <u>2,000.00</u>
<b>C. MEALS</b>	\$ <u>500.00</u>
<b>D. SEMINAR AND CONFERENCE FEES</b>	\$ <u>2,400.00</u>
<b>E. ENTERTAINMENT (If applicable)</b>	\$ _____
<b>F. OTHER INCIDENTAL EXPENSES</b>	\$ _____
<b>TOTAL PROJECTED TRAVEL EXPENSE</b>	<b>\$ <u>11,800.00</u></b>

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

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: Kimberly J. Becker Date: 5/10/19

**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.)



# World Routes 2019

The 25th World Route Development Forum  
Adelaide, Australia • 21 - 24 September 2019

Menu 

## Conference Programme

The World Routes conference programme will bring together senior leaders from the route development and aviation industries.

### What's Happening?

There will be a full conference programme of live content across the three business days of the event, comprising of:



Keynote presentations



Panel discussions



Airlines Live briefings

### Why Attend?

The conference programme provides World Routes delegates with an insight into the key air service development issues driving change within the industry, exploring the future of route development through a series of talks, presentations and thought-provoking panel discussions.

The World Routes conference programme will be available from November. View the full event programme to find out what else is happening at World Routes.



UBM (UK) Ltd., Acresfield, 8-10 Exchange Street, Manchester, M2 7HA, United Kingdom

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# Meet the world in Adelaide

Host of World Routes  
21-24 September 2019

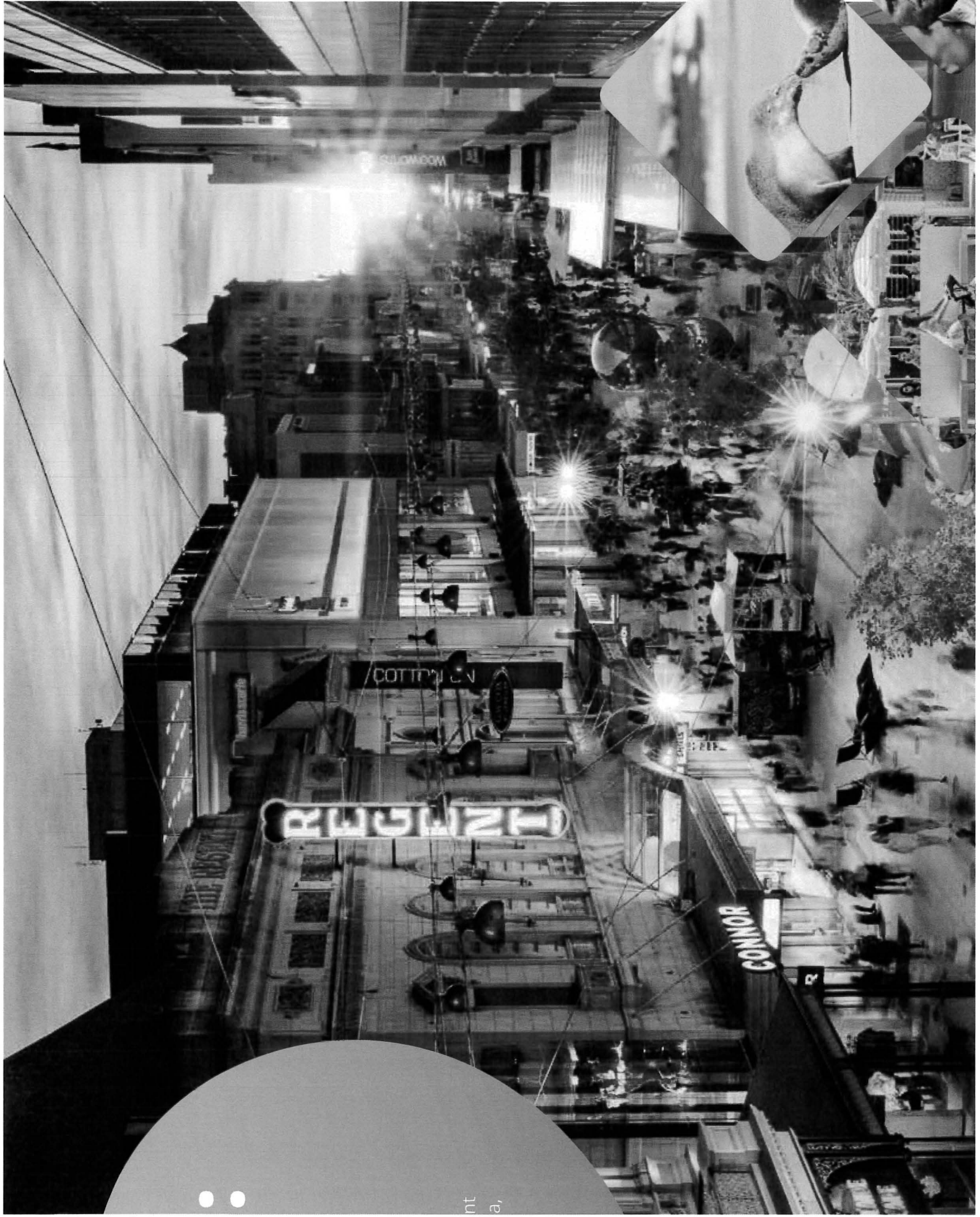


Adelaide 2019  
WORLD ROUTES

[routesonline.com](http://routesonline.com)



Hosts of World Routes 2019



1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

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**226**  
one-stop routes  
to Europe

**400**  
one-stop routes  
worldwide



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from many airports in Europe, North America and Asia.

-  **Qantas**  
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Sydney (YVR)
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San Francisco (SFO)
-  **Cathay Pacific**  
Paris (CDG)  
Rome (FCO)  
Amsterdam (AMS)
-  **Air New Zealand**  
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# ights

-famous festivals and stunning  
h culture, flavours and entertainment.  
ia's most iconic tourism  
World Routes 2019 delegates.

ital

r  
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ors

life

or  
Dive  
float  
e rich



Coastal landscapes with rugged cliffs and sandy beaches provide the backdrop of Innes National Park



# Contact us

For more information about World Routes 2019, or to register your place, please contact the sales team or visit the website.

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# **BUSINESS EXPENSE**

**KIM BECKER**

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## BUSINESS EXPENSE REIMBURSEMENT REPORT

April 2019

Period Covered

**Kimberly J. Becker**

DATE	G/L Account	Description	AMOUNT
04/09/19	66290.000	Parking Georgette Gomez Meeting	\$ 15.00
04/19/19	66290.000	Parking SD Taxpayers Assoc Board Meeting	\$ 20.00
<b>TOTAL</b>			<b>\$ 35.00</b>

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

\* Policy 3.30

Kimberly J. Becker

NAME

Kimberly J. Becker

5/1/19

DATE

## Casey Diane

---

**Subject:** Georgette Gomez / Kim Becker, Bi-Monthly 1 on 1  
**Location:** 202 C Street, MS 10A, San Diego, CA 92101 (619.236.6699)

**Start:** Tue 4/9/2019 9:00 AM  
**End:** Tue 4/9/2019 9:30 AM  
**Show Time As:** Out of Office

**Recurrence:** (none)

**Meeting Status:** Meeting organizer

**Organizer:** Becker Kimberly  
**Required Attendees:** Gates, Lara  
**Optional Attendees:** blugo@sandiego.gov

**Categories:** Out of Office

### Contact

- Brenda Lugo  
[blugo@sandiego.gov](mailto:blugo@sandiego.gov)

*Kim Becker  
1-on-1 meeting  
with Georgette Gomez*

OUR RECEIPT	WELCOME TO ACE PARKING LOT 28 2 HOUR PARKING	THIS IS YOUR RECEIPT
THIS IS YOUR RECEIPT	THIS IS YOUR RECEIPT Meter: 03010920-3010920 Trans: 030584 Purchase Time: 8:57AM APR 09 19 SPACE: 003 Price: \$15.00 Card: *****1802 Auth: 645560	THIS IS YOUR RECEIPT
THIS IS YOUR RECEIPT	PERMIT EXPIRES: <b>10:57AM TUE APR 09 2019</b>	THIS IS YOUR RECEIPT
THIS IS YOUR RECEIPT	NO IN/OUT PRIVILEGES THANKS FOR PARKING WITH ACE. QUESTIONS CALL: 800-925-7275	THIS IS YOUR RECEIPT

**Casey Diane**

---

**Subject:** ADP/EIR Presentation to Taxpayers Association Board Meeting  
**Location:** 525 B Street, 1st Floor Conference Room (Peter will meet you in the lobby)  
**Start:** Fri 4/19/2019 12:00 PM  
**End:** Fri 4/19/2019 12:30 PM  
**Show Time As:** Out of Office  
**Recurrence:** (none)  
**Organizer:** Becker Kimberly  
**Categories:** Out of Office

10 Minutes to Present  
10 Minutes for Q&A

Kim Becker  
ADP Presentation  
to the San Diego  
County Taxpayers  
Association  
Board meeting

525 B Street  
525 B Street  
San Diego, Ca 92101  
Procopio Towers  
525 B Street  
San Diego, Ca 92101  
DATE: 04/19/19  
TIME: 12:39 PM

Receipt No. 12/53/83  
\* Original \*  
Ticket: **109729**  
Entry : 04/19/19 11:38 AM  
LPR :  
TAX included **20.00**  
Credit 20.00  
Trans ID : 2975  
Card No. : xxxxxxxxxxxx1802  
Card Type: MASTER CARD

Thank you for parking with us.  
Have a great day!

**A. BOLING**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

SDCRAA

APR 26 2019

**2019**


Board Services

**MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT**

EMPLOYEE NAME C. April Boling			PERIOD COVERED April 2019	
DEPARTMENT/DIVISION				
Date	Miles driven	Destination and purpose of trip	Parking fees & other transportation costs paid	\$\$\$
4/22/19	29.40	Airport/Exec./Finance Comm. Mtg.		
4/23/19	30.50	C-Level/Lunch w/Kim		
4/25/19	29.40	Airport/Special Exec. Personnel & Comp. Mtg.		
4/26/19	25.00	SANDAG/BOD Business Mtg.		
SUBTOTAL			114.30	
				SUBTOTAL -

**Computation of Reimbursement**

	114.30
REIMBURSEMENT RATE: (see below) *      Rate as of January 2019	X 0.580
TOTAL MILEAGE REIMBURSEMENT	66.29
PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS)	-
TOTAL REIMBURSEMENT REQUESTED	\$ 66.29

<p>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. <u>Business Expense Reimbursement Policy 3.30</u></p> <p align="center"></p> <p align="center">SIGNATURE OF EMPLOYEE</p>	<p align="center">DEPT./DIV. HEAD APPROVAL</p>
--	--



**J. SCHIAVONI**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

SDCRAA

APR 26 2019

**2019**

**MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT** Board Services

EMPLOYEE NAME Johanna Schiavoni			PERIOD COVERED 3/27-4/18/2019	
DEPARTMENT/DIVISION				
Date	Miles driven	Destination and purpose of trip	Parking fees & other transportation costs paid	\$\$\$
3/27/19		Downtown Partnership Dinner	Bayfront Hilton	22.53
4/4/19	7.70	SDCRAA Board meeting	SDCRAA	
4/5/19	4.50	SANDAG Transportation Committee	SANDAG	
4/18/19	15.60	Climate Action Campaign event	Marina Village	
SUBTOTAL		27.80	SUBTOTAL 22.53	

**Computation of Reimbursement**

	27.80
REIMBURSEMENT RATE: (see below) *	X 0.58
TOTAL MILEAGE REIMBURSEMENT	16.12
PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS)	22.53
TOTAL REIMBURSEMENT REQUESTED	\$ 38.65

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

Business Expense Reimbursement Policy 3.30

*Johanna Schiavoni*

SIGNATURE OF EMPLOYEE

DEPT./DIV. HEAD APPROVAL

Effective 1/1/2019 - 58

**Please use the other tabs for mileage prior to January 1, 2019**

**Subject:** Your ride with Ileanna on March 27  
**Date:** Wednesday, March 27, 2019 at 7:37:06 PM Pacific Daylight Time  
**From:** Lyft Ride Receipt <no-reply@lyftmail.com>  
**To:** Johanna Schiavoni <johanna@schiaivoni-law.com>

---

Thanks for riding with Ileanna!

March 27, 2019 at 6:23 PM

**Ride Details**

Lyft fare (3.42mi, 10m 24s)	\$11.03
Tip	\$2.00
<hr/>	
American Express *1006	<b>\$13.03</b>

Pickup 6:23 PM

-----

Drop-off 6:34 PM

-----

[Help Center](#)

Receipt #1251690969771484000

We never share your address with your driver after a ride.

[Learn more about our commitment to safety.](#)

Map data © OpenStreetMap contributors

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548 Market St., P.O. Box 68514

San Francisco, CA 94104

[Become a Driver](#)

**Subject:** Your ride with Jeffrey on March 27  
**Date:** Wednesday, March 27, 2019 at 11:05:46 PM Pacific Daylight Time  
**From:** Lyft Ride Receipt <no-reply@lyftmail.com>  
**To:** Johanna Schiavoni <johanna@schiaivoni-law.com>

---

Thanks for riding with Jeffrey!

March 27, 2019 at 10:39 PM

**Ride Details**

Lyft fare (3.01mi, 9m 30s)	\$7.50
Tip	\$2.00
<hr/>	
American Express *1006	<b>\$9.50</b>

Pickup 10:39 PM

-----

Drop-off 10:48 PM

-----

[Help Center](#)

Receipt #1251756161581480564

We never share your address with your driver after a ride.

[Learn more about our commitment to safety.](#)

Map data © OpenStreetMap contributors

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548 Market St., P.O. Box 68514

San Francisco, CA 94104

[Become a Driver](#)

**Board Members**

C. April Boling  
Chairman

Greg Cox  
Jim Desmond  
Mark Kersey  
Robert T. Lloyd  
Paul Robinson  
Johanna S. Schiavoni  
Michael Schumacher  
Mark B. West

**Ex-Officio Board Members**

Cory Binns  
Col. Charles B. Dockery  
Jacqueline Wong-Hernandez

**President / CEO**

Kimberly J. Becker

**Revised 5/22/19**

**DRAFT**  
**BOARD**  
**AGENDA**

Thursday, June 6, 2019  
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 Board Services and are available for public inspection.

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

PLEASE COMPLETE A "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 Board Services /Authority Clerk Department with your request at (619) 400-2400 at least three (3) working days prior to the meeting.*

**CALL TO ORDER:**

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

**PRESENTATIONS:**

- A. THE 2021 REGIONAL PLAN – A BOLD NEW VISION IN 5 BIG MOVES:**  
Presented by Hasan Ikhata, Executive Director, SANDAG

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

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

***AD HOC COMMITTEES***

- **GROUND TRANSPORTATION AD HOC:**  
Committee Members: Lloyd, Schiavoni, West (Chair)

***ADVISORY COMMITTEES***

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

***LIAISONS***

- **CALTRANS:**  
Liaison: Binns
- **INTER-GOVERNMENTAL AFFAIRS:**  
Liaison: Cox



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

***BOARD REPRESENTATIVES (EXTERNAL)***

- **SANDAG BOARD OF DIRECTORS:**  
Representative: Boling
- **SANDAG TRANSPORTATION COMMITTEE:**  
Representatives: Schiavoni (Primary), Schumacher
- **SCAG AVIATION TASK FORCE:**  
Representative: Boling

**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 1-18):**

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

**1. APPROVAL OF MINUTES:**

The Board is requested to approve minutes of prior meetings.

RECOMMENDATION: Approve the minutes of the May 2, 2019 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.

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

**3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM APRIL 8, 2019 THROUGH MAY 12, 2019 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 8, 2019 THROUGH MAY 12, 2019:**

The Board is requested to receive the report.

RECOMMENDATION: Receive the report.

**(Procurement: Jana Vargas, Director)**

**4. JUNE 2019 LEGISLATIVE REPORT:**

The Board is requested to approve the report.

RECOMMENDATION: Adopt Resolution No. 2019-\_\_\_\_\_, approving the June 2019 Legislative Report.

**(Government Relations: Matt Harris, Director)**

**5. APPOINTMENT OF AUTHORITY ADVISORY COMMITTEE MEMBER:**

The Board is requested to make an appointment.

RECOMMENDATION: Adopt Resolution No. 2019-\_\_\_\_\_, approving an appointment to the Authority Advisory Committee.

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

**6. APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:**

The Board is requested to make an appointment.

RECOMMENDATION: Adopt Resolution No. 2019-\_\_\_\_\_, appointing Andy Hollingworth to a new term as a public member of the Audit Committee.

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

**7. APPROVE APPOINTMENTS TO THE ART ADVISORY COMMITTEE:**

The Board is requested to approve an appointment.

RECOMMENDATION: Adopt Resolution No. 2019-\_\_\_\_\_, approving the appointments of Larry Baza and Carmen Vann to the Arts Advisory Committee.

**(Customer Experience & Innovation: Chris Chalupsky, Senior Manager, Arts Program)**

**8. AMEND AUTHORITY POLICY 5.12 - PREFERENCE TO SMALL, VETERAN OWNED, AND LOCAL BUSINESS:**

The Board is requested to amend a policy.

RECOMMENDATION: Adopt Resolution No. 2019-\_\_\_\_\_, amending Policy 5.12 - Preference to Small, Veteran Owned, and Local Business, allowing for qualification based criteria the use of the preference points to be applied to the recommended final contract award.

**(Small Business Development: Regina Brown, Manager)**

**9. AMEND AUTHORITY POLICY 6.30 FEES, RATES, LICENSES AND CHARGE:**

The Board is requested to amend the policy.

RECOMMENDATION: Adopt Resolution No. 2019-\_\_\_\_\_, approving amendments to Authority Policy 6.30 Fees, Rates, Licenses and Charges.

**(Finance & Risk Management: John Dillon, Director)**

**CLAIMS**

**10. REJECT THE CLAIM OF AIR CANADA:**

The Board is requested to reject a claim.

RECOMMENDATION: Adopt Resolution No. 2019-\_\_\_\_\_, rejecting the claim of Air Canada.

**(Legal: Amy Gonzalez, General Counsel)**

**COMMITTEE RECOMMENDATIONS**

**11. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2019:**

The Board is requested to accept the information.

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

**(Finance & Asset Management: Kathy Kiefer, Senior Director)**

**12. RESULTS FROM THE QUALITY ASSESSMENT REVIEW OF THE OFFICE OF THE CHIEF AUDITOR:**

The Board is requested to accept the information.

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

**(Audit: Lee Parravano, Chief Auditor)**

**13. FISCAL YEAR 2019 THIRD QUARTER ACTIVITY REPORT:**

The Board is requested to accept the report.

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

**(Audit: Lee Parravano, Chief Auditor)**

**14. REVISION TO THE FISCAL YEAR 2019 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

The Board is requested to revise the plan.

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2019-\_\_\_\_, approving the revision to the Fiscal Year 2019 Audit Plan of the Office of the Chief Auditor.

**(Audit: Lee Parravano, Chief Auditor)**

**15. FISCAL YEAR 2020 RISK ASSESSMENT AND PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

The Board is requested to approve the plan.

RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2019-\_\_\_\_, approving the Fiscal Year 2020 Proposed Audit Plan of the Office of the Chief Auditor.

**(Audit: Lee Parravano, Chief Auditor)**

**16. ANNUAL REVIEW AND APPROVAL OF AUTHORITY POLICY 4.20 - GUIDELINES FOR PRUDENT INVESTMENTS, DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT/ CFO:**

The Board is requested to receive the information.

RECOMMENDATION: The Finance Committee recommends that the Board Adopt Resolution No. 2019-\_\_\_\_, approving Authority Policy 4.20 - Guidelines for Prudent Investments, and delegating authority to invest and manage Authority funds to the Vice President, Chief Financial Officer.

**(Business & Financial Management: John Dillon, Director)**

**17. APPROVAL OF AMENDMENTS TO AUTHORITY POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT:**

The Board is requested to approve amendments.

RECOMMENDATION: The Finance Committee recommends that the Board Adopt Resolution No. 2019-\_\_\_\_, approving amendments to Authority Policy 4.40 - Guidelines for Debt Issuance and Management.

**(Business & Financial Management: John Dillon, Director)**

**CONTRACTS AND AGREEMENTS**

**18. AWARD A CONTRACT FOR CONSTRUCTION BROKER SERVICES WITH \_\_\_\_\_:**

The Board is requested to award a contract.

RECOMMENDATION: Adopt Resolution No. 2019-\_\_\_\_, approving the agreement with \_\_\_\_\_ as construction broker service provider.

**(Business & Financial Management: John Dillon, Director)**

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

**PUBLIC HEARINGS:**

**OLD BUSINESS:**

**NEW BUSINESS:**

**19. SDCRAA COMPENSATION PHILOSOPHY AND STRATEGY ON TARGET PAY POSITIONING:**

The Board is requested to adopt a strategy.

RECOMMENDATION: Adopt a comparative market pay strategy positioning aligned to skills, experience, performance, and criticality of role.

**(Talent, Culture & Capability: Kurt Gering, Director; Andy Welt, Director & Head of Compensation Consulting Division, Marsh & McLennan)**

**20. ACCEPT THE CLIMATE RESILIENCY PLAN:**

The Board is requested to accept the plan.

RECOMMENDATION: The Board is requested to accept the Climate Resiliency Plan prepared for San Diego International Airport.

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

**21. APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2020, THE CAPITAL PROGRAM FOR FISCAL YEARS 2020-2024, AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2021:**

The Board is requested to approve the budgets.

RECOMMENDATION: Adopt Resolution No. 2019-\_\_\_\_\_, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2020, the Capital Program for Fiscal Years 2020-2024, and conceptually approving the Operating Budget for Fiscal Year 2021.

**(Business & Financial Management: John Dillon, Director)**

**22. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH SAN DIEGO AIRLINES CONSORTIUM, LLC (SANCO):**

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2019-\_\_\_\_\_, approving and authorizing the President/CEO to execute an agreement with SANCO for SANCO's rendering of janitorial services for Authority spaces for a term of ten years commencing July 1, 2019 and ending June 30, 2029 for a not-to-exceed amount of \$37,484,181.

**(Finance & Asset Management: Kathy Kiefer, Senior Director)**

**CLOSED SESSION:**

- 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)  
Name of Case: Future DB International, Inc. v. San Diego County Regional Airport Authority, et al.  
San Diego Superior Court Case No. 37-2018-00001531-CU-CR-CTL
- 25. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: Park Assist LLC v. San Diego County Regional Airport Authority, et al.  
United States District Court Case No. 18 CV2068 LAB MDD
- 26. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: Sheila Culbreath v. San Diego County Regional Airport Authority, et al.  
San Diego Superior Court Case No. 37-2018-00036327-CU-PA-CTL
- 27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)  
Number of cases: 2
- 28. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
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
- 29. 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
- 30. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Number of potential cases: 1

- 31. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS  
Number of potential cases: 1
- 32. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**  
Property: Airline Operating and Lease Agreement - San Diego International Airport  
Agency Negotiator: Kim Becker, Scott Brickner, John Dillon, Kathy Kiefer, Amy Gonzalez  
Negotiating Parties: Alaska Airlines, Allegiant Airlines, American Airlines, British Airways, Delta Airlines, FedEx, JetBlue Airlines, Southwest Airlines, United Airlines  
Under Negotiation: price and terms of payment
- 33. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**  
Cal. Gov. Code §54957  
Title: President/Chief Executive Officer
- 34. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**  
Cal. Gov. Code §54957  
Title: General Counsel
- 35. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**  
Cal. Gov. Code §54957  
Title: Chief Auditor

**REPORT ON CLOSED SESSION:**

**GENERAL COUNSEL REPORT:**

**BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REPORTS FOR BOARD MEMBERS, PRESIDENT/CEO, CHIEF AUDITOR AND GENERAL COUNSEL WHEN ATTENDING CONFERENCES, MEETINGS, AND TRAINING AT THE EXPENSE OF THE AUTHORITY:**

**BOARD COMMENT:**

**ADJOURNMENT:**

**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 reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

**Additional Meeting Information**

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Board Members

C. April Boling  
Chairman

Greg Cox

Jim Desmond

Mark Kersey

Robert T. Lloyd

Paul Robinson

Johanna S. Schiavoni

Michael Schumacher

Mark B. West

Ex-Officio Board Members

Cory Binns

Col. Charles B. Dockery

Jacqueline Wong-Hernandez

President / CEO

Kimberly J. Becker

**DRAFT**  
**AIRPORT LAND USE COMMISSION**  
**AGENDA**

Thursday, June 6, 2019  
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 Board Services/Authority Clerk Department and are available for public inspection.

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

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

**CALL TO ORDER:**

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

**NON-AGENDA PUBLIC COMMENT:**

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

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

**CONSENT AGENDA (Item 1-3):**

The Consent Agenda contains items that are routine in nature and non-controversial. It also contains consistency determinations that have been deemed consistent or conditionally consistent. The matters listed under 'Consent Agenda' may be approved by one motion. Any Commission Member may remove an item for separate consideration. Items so removed will be heard before the scheduled New Business items, unless otherwise directed by the Chair.

**1. APPROVAL OF MINUTES:**

The Airport Land Use Commission is requested to approve minutes of prior meetings.

RECOMMENDATION: Approve the minutes of the May 2, 2019 regular meeting.

***CONSISTENCY DETERMINATIONS***

**2. REPORT OF DETERMINATIONS OF CONSISTENCY WITH AIRPORT LAND USE COMPATIBILITY PLANS: SAN DIEGO INTERNATIONAL AIRPORT, 220 WEST BROADWAY, 4386 NEWPORT AVENUE, 2002 & 2088 STATE STREET, 1141 E STREET, 1776 CABLE STREET:**

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

RECOMMENDATION: Receive the report.

**(Planning & Environmental Affairs: Ralph Redman)**

**3. ADOPTION OF GENERAL PLAN UPDATE TO IMPLEMENT THE NOLF  
IMPERIAL BEACH AIRPORT LAND USE COMPATIBILITY PLAN, CITY OF  
IMPERIAL BEACH:**

The Airport Land Use Commission is requested to issue a determination of consistency.

RECOMMENDATION: Make the determination that the project is consistent with the NOLF Imperial Beach Airport Land Use Compatibility Plan.

**(Planning & Environmental Affairs: Ralph Redman)**

**PUBLIC HEARINGS:**

**OLD BUSINESS:**

**NEW BUSINESS:**

**COMMISSION COMMENT:**

**ADJOURNMENT:**

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