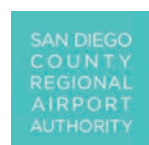


In the opinion of Kutak Rock LLP, Bond Counsel to the Airport Authority, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Senior Series 2025 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Senior Series 2025B Bond for any period during which such Senior Series 2025B Bond is held by a “substantial user” of the facilities financed by the Senior Series 2025B Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Senior Series 2025A Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals, and (b) interest on the Senior Series 2025B Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Senior Series 2025 Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that interest on the Senior Series 2025 Bonds is exempt from present State of California personal income taxes. See “TAX MATTERS” herein.



\$784,450,000
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

\$155,815,000
Senior Airport Revenue Bonds
Series 2025A
(Governmental/Non-AMT)

\$628,635,000
Senior Airport Revenue Bonds
Series 2025B
(Private Activity/AMT)



Dated: Date of Delivery

Due: July 1 as shown on the inside cover

The San Diego County Regional Airport Authority (the “Airport Authority”) is issuing its (a) Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the “Senior Series 2025A Bonds”), and (b) Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the “Senior Series 2025B Bonds,” and together with the Senior Series 2025A Bonds, the “Senior Series 2025 Bonds”), to (i) pay for certain capital improvements at San Diego International Airport associated with the New T1 program, (ii) fund a portion of the interest accruing on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds and the Subordinate Series 2021A/B Bonds, (iii) make a deposit to the Senior Reserve Fund, and (iv) pay the costs of issuance of the Senior Series 2025 Bonds. See “PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Senior Series 2025 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of and first lien on Net Revenues, which include certain income and revenue received by the Airport Authority from the operation of the Airport System less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System; and (b) certain funds and accounts held by the Senior Trustee under the Senior Indenture. The Senior Series 2025 Bonds will be issued with a pledge of and lien on Net Revenues on parity with the Senior Series 2023 Bonds, which, as of June 1, 2025, were outstanding in the aggregate principal amount of \$1,059,745,000.

NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SENIOR SERIES 2025 BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE AIRPORT AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SENIOR SERIES 2025 BONDS. SEE “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS.”

The Senior Series 2025 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Individual purchases and sales of the Senior Series 2025 Bonds may be made in book-entry-form only in denominations of \$5,000 and integral multiples thereof. Interest on the Senior Series 2025 Bonds will be payable on January 1 and July 1, commencing on January 1, 2026. So long as the Senior Series 2025 Bonds are held by DTC, the principal of and interest on the Senior Series 2025 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Senior Series 2025 Bonds, as more fully described herein. See “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.”

Maturity Schedules on Inside Front Cover

The Senior Series 2025 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as more fully described herein. See “DESCRIPTION OF THE SENIOR SERIES 2025 BONDS—Redemption Provisions.”

The purchase and ownership of Senior Series 2025 Bonds involve investment risk and may not be suitable for all investors. This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Senior Series 2025 Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, to obtain information essential to the making of an informed decision, giving particular attention to the matters discussed under “CERTAIN INVESTMENT CONSIDERATIONS.” Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Senior Series 2025 Bonds are offered when, as and if issued by the Airport Authority, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the Airport Authority, and to certain other conditions. Certain matters will be passed upon for the Airport Authority by its General Counsel and by Kutak Rock LLP, Disclosure Counsel to the Airport Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP. Frasca & Associates, LLC, has served as Municipal Advisor to the Airport Authority. It is expected that the delivery of the Senior Series 2025 Bonds will be made through the facilities of DTC on or about July 9, 2025.

BofA Securities

Ramirez & Co., Inc.

Academy Securities

Jefferies

Morgan Stanley

RBC Capital Markets

Siebert Williams Shank

Stern Brothers

MATURITY SCHEDULES

\$155,815,000
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2025A
(Governmental/Non-AMT)

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers[†]
2028	\$1,365,000	5.000%	2.540%	107.011	79739GRP3
2029	2,810,000	5.000	2.540	109.250	79739GRQ1
2030	2,950,000	5.000	2.580	111.236	79739GRR9
2031	3,095,000	5.000	2.740	112.382	79739GRS7
2032	3,250,000	5.000	2.840	113.584	79739GRT5
2033	3,415,000	5.000	2.910	114.783	79739GRU2
2034	3,580,000	5.000	3.090	114.874	79739GRV0
2035	3,765,000	5.000	3.250	114.810	79739GRW8
2036	3,950,000	5.000	3.460	112.899 ^C	79739GRX6
2037	4,145,000	5.000	3.590	111.736 ^C	79739GRY4
2038	4,355,000	5.000	3.740	110.411 ^C	79739GRZ1
2039	4,575,000	5.000	3.850	109.452 ^C	79739GSA5
2040	4,800,000	5.000	3.970	108.416 ^C	79739GSB3
2041	5,040,000	5.000	4.080	107.478 ^C	79739GSC1
2042	5,295,000	5.000	4.230	106.213 ^C	79739GSD9
2043	5,560,000	5.000	4.350	105.215 ^C	79739GSE7
2044	5,840,000	5.000	4.420	104.637 ^C	79739GSF4
2045	6,130,000	5.000	4.480	104.146 ^C	79739GSG2

\$35,745,000 5.250% Term Bonds due July 1, 2050; Yield 4.620%; Price 104.989^C; CUSIP No.[†]: 79739GSH0

\$46,150,000 5.250% Term Bonds due July 1, 2055; Yield 4.710%; Price 104.258^C; CUSIP No.[†]: 79739GSJ6

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^C Priced to the optional redemption date of July 1, 2035 at a redemption price of 100% of par.

\$628,635,000
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2025B
(Private Activity/AMT)

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers[†]
2028	\$ 6,465,000	5.000%	3.350%	104.638	79739GSK3
2029	13,260,000	5.000	3.420	105.828	79739GSL1
2030	13,920,000	5.000	3.520	106.703	79739GSM9
2031	14,615,000	5.000	3.660	107.135	79739GSN7
2032	15,345,000	5.000	3.780	107.420	79739GSP2
2033	16,115,000	5.000	3.860	107.762	79739GSQ0
2034	16,920,000	5.000	3.970	107.714	79739GSR8
2035	17,765,000	5.000	4.090	107.393	79739GSS6
2036	18,655,000	5.000	4.260	105.963 ^C	79739GST4
2037	19,585,000	5.250	4.350	107.221 ^C	79739GSU1
2038	20,615,000	5.250	4.430	106.554 ^C	79739GSV9
2039	21,695,000	5.250	4.520	105.809 ^C	79739GSW7
2040	22,835,000	5.250	4.590	105.234 ^C	79739GSX5
2041	24,035,000	5.250	4.670	104.582 ^C	79739GSY3
2042	25,295,000	5.250	4.740	104.016 ^C	79739GSZ0
2043	26,625,000	5.250	4.810	103.453 ^C	79739GTA4
2044	28,025,000	5.250	4.870	102.973 ^C	79739GTB2
2045	29,495,000	5.250	4.880	102.894 ^C	79739GTC0

\$172,400,000 5.250% Term Bonds due July 1, 2050; Yield 5.010%; Price 101.865^C; CUSIP No.[†]: 79739GTD8

\$104,970,000 5.500% Term Bonds due July 1, 2055; Yield 4.960%; Price 104.208^C; CUSIP No.[†]: 79739GTE6

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^C Priced to the optional redemption date of July 1, 2035 at a redemption price of 100% of par.

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS

Guillermo “Gil” Cabrera (Chair) **
James Sly (Vice Chair) **
Rafael Perez **
Whitney Benzian
Lidia S. Martinez
Esther Sanchez
Monica Montgomery Steppe
Steve Vaus
Marni von Wilpert
Colonel Erik Herrmann, *Ex-Officio* Member
Ann Fox, *Ex-Officio* Member
Michele Perrault, *Ex-Officio* Member

** Member of the Executive Committee.

EXECUTIVE MANAGEMENT

Kimberly J. Becker, President and CEO
Scott M. Brickner, Vice President, Chief Financial Officer
Angela Shafer-Payne, Vice President, Chief Development Officer
Rick Francis, Vice President, Chief Operations Officer
Hampton Brown, Vice President, Chief Revenue Officer
Lee Parravano, Chief Auditor
Amy Gonzalez, General Counsel

**BOND COUNSEL AND
DISCLOSURE COUNSEL**

Kutak Rock LLP

MUNICIPAL ADVISOR

Frasca & Associates, LLC

SENIOR TRUSTEE

The Bank of New York Mellon
Trust Company, N.A.

INDEPENDENT AUDITOR

Plante & Moran, PLLC

**FEASIBILITY
CONSULTANT**

Unison Consulting, Inc.

No dealer, broker, salesperson or other person has been authorized by the Airport Authority to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Airport Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Senior Series 2025 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Senior Series 2025 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. See “INTRODUCTION—Forward-Looking Statements” herein.

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

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Airport Authority since the date hereof. This Official Statement is submitted in connection with the sale of the Senior Series 2025 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SENIOR SERIES 2025 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE SENIOR INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SENIOR SERIES 2025 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

THE UNDERWRITERS MAY OFFER AND SELL THE SENIOR SERIES 2025 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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OFFICIAL STATEMENT

\$784,450,000

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

\$155,815,000

**Senior Airport Revenue Bonds
Series 2025A
(Governmental/Non-AMT)**

\$628,635,000

**Senior Airport Revenue Bonds
Series 2025B
(Private Activity/AMT)**

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices, is to provide certain information concerning the sale and delivery by the San Diego County Regional Airport Authority (the “**Airport Authority**”) of its (a) \$155,815,000 San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the “**Senior Series 2025A Bonds**”), and (b) \$628,635,000 San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the “**Senior Series 2025B Bonds**,” and together with the Senior Series 2025A Bonds, the “**Senior Series 2025 Bonds**”). Capitalized terms used but not defined herein have the meanings ascribed to them in “APPENDIX C-1—CERTAIN DEFINITIONS.”

The Airport Authority

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

San Diego International Airport and Airport System

SAN was owned and operated by the San Diego Unified Port District (the “**Port District**”) until January 2003 at which time SAN was transferred by long-term lease to the Airport Authority (the “**Transfer**”). The Transfer included all obligations associated with SAN, including bonds and commercial paper notes issued for the improvement of SAN. According to Airports Council International (“**ACI**”) statistics, SAN is the busiest single-runway commercial airport in the United States based on passenger levels and is classified as a large air traffic hub by the Federal Aviation Administration (the “**FAA**”). According to ACI statistics, for the calendar year ended December 31, 2023 (the latest available information), SAN was ranked as the 26th busiest airport in the country as measured by total number of enplaned and deplaned passengers. For the fiscal year ended June 30, 2024 (“**Fiscal Year 2024**”), approximately 12.5 million passengers were enplaned at SAN, which represented a 5.1% increase in enplaned passengers from the fiscal year ended June 30, 2023 (“**Fiscal Year 2023**”). For the calendar year ended December 31, 2024, approximately 97.0% of the passengers using SAN were origination and

destination (“**O&D**”) passengers (passengers beginning or ending their trips at SAN, as opposed to passengers connecting through SAN to other cities). Over the last five Fiscal Years, on average, approximately 96.7% of all enplanements at SAN have been domestic enplanements. See “THE AIRPORT AUTHORITY” and “SAN DIEGO INTERNATIONAL AIRPORT” herein.

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

Plan of Finance

The Senior Series 2025 Bonds are being issued to (a) pay for certain capital improvements at San Diego International Airport associated with the New T1 program, (b) fund a portion of the interest accruing on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds (as defined herein) and the Subordinate Series 2021A/B Bonds (as defined herein), (c) make a deposit to the Senior Reserve Fund (as defined herein), and (d) pay the costs of issuance of the Senior Series 2025 Bonds. See “PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS” and “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT.”

Capital Program and New T1

Capital Program. The Airport Authority maintains a capital program (the “**Capital Program**”), which is a rolling five-year program that provides for critical improvements and asset preservation for the Airport Authority. The Capital Program contains two main components: (1) the New T1 program that consists of the replacement of the current Terminal 1 with a larger, more efficient facility, certain airfield enhancements and roadway and parking improvements, and a new administration building for the Airport Authority (see “New T1” below), and (2) the Capital Improvement Program (the “**CIP**”) that addresses airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements. The New T1 is expected to be designed and constructed through Fiscal Year 2028, and all approved open projects of the CIP are anticipated to be completed between Fiscal Years 2026 through 2030. The current Capital Program was approved by the board of directors of the Airport Authority (the “**Board**”) on June 5, 2025 and, as of the date of this Official Statement, has a budgeted cost of \$4.523 billion (as of March 31, 2025, \$2.5 billion of this cost had been incurred), of which approximately \$3.834 billion is the approved budgeted cost of the New T1.

New T1. In 2012, the Airport Authority embarked on a new master-planning effort for SAN known as the “**New T1**” (previously known as the “**Airport Development Plan**”), to identify the facilities anticipated to be needed to meet the Airport’s passenger demand through 2035. Between Fiscal Years 2015 and 2019, SAN had record-breaking growth with approximately 24.7 million passengers being served in Fiscal Year 2019; the highest number of passengers ever served by SAN. Traffic declined in Fiscal Years 2020 and 2021 due to the COVID-19 pandemic, but by Fiscal Year 2024 traffic returned to 2019 levels when SAN served approximately 24.6 million passengers. Activity levels at the Airport are estimated to surpass 34 million passengers and 287,000 aircraft operations in 2035, based on the aviation planning forecast expected to be included as part of the Northside Airfield and Facility Advanced Planning and Improvements Study (the “**Northside Study**”), which the Airport Authority anticipates will be completed

by the end of 2025. Aviation planning forecasts focus on operational and infrastructure needs, and include all airfield operations, while budget forecasts, such as those undertaken for the Financial Feasibility Report (as defined herein), concentrate on financial performance and consider only revenue related airfield operations and will therefore be more conservative than aviation planning forecasts. The cornerstone of the New T1 is the replacement of Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility. The new Terminal 1 will be approximately 1.2 million square feet (more than three times larger than the existing Terminal 1 which is approximately 336,000 square feet), will have 30 gates (11 more gates than the existing Terminal 1) and be able to accommodate both narrow-body and wide-body aircraft. The new Terminal 1 will be served by a dual-level curbside, a new close-in parking structure (approximately 5,200 parking spaces) and new entry and circulation roadways. Other components that are part of the New T1 include a new Airport Authority administration building and multiple airfield improvements, such as a new apron area for the new terminal, a new Taxiway A, relocation of Taxiway B and reconfigured remain-overnight aircraft parking positions. Additionally, the New T1 includes a replacement shuttle hold lot for rental car and terminal buses, which will encompass 3.16 acres on property the Airport Authority partially owns and partially leases from the Port District located north of the Airport.

As of March 31, 2025, the New T1 has an approved budget of approximately \$3.834 billion, including \$113.7 million of program contingencies. Certain elements of the New T1 are complete, including the administration building, which the Airport Authority began using in October 2023, the first phase of the parking structure which opened in August 2024 when approximately 2,800 spaces were opened for public use, and phase 1 of the new shuttle hold lot which opened in the fall of 2023. In June 2025, the second phase of the parking structure (approximately 2,400 spaces) is expected to open to the public.

The New T1 is being procured through the use of “progressive design-build” and “design-bid-build” delivery methods. The terminal and roadway components of the New T1 are being designed and built by Turner-Flatiron, A Joint Venture (the “**Terminal and Roadway Contractor**”); the airside improvement components of the New T1 were designed by Jacobs Engineering Group Inc. (“**Jacobs**”) and are being built by Griffith Company (the “**Airside Contractor**”); and the administration building component of the New T1 was designed and built by Sundt Construction, Inc. (the “**Administration Building Contractor**”).

Projected Funding Sources for Capital Program and New T1. The Capital Program (including the New T1) is expected to be financed with a combination of (i) proceeds of the Senior Series 2025 Bonds, the previously-issued Subordinate Series 2019 Bonds (as defined herein), Subordinate Series 2021A/B Bonds, and Senior Series 2023 Bonds, Additional Senior Bonds and/or Additional Subordinate Obligations, (ii) federal grants, (iii) Passenger Facility Charges (“**PFCs**”) and (iv) certain other available moneys of the Airport Authority. Following the issuance of the Senior Series 2025 Bonds, the Airport Authority does not expect to issue any Additional Senior Bonds or Additional Subordinate Obligations to fund costs of the New T1. See “PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS,” “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT” and “APPENDIX A—FINANCIAL FEASIBILITY REPORT.”

Senior Series 2025 Bonds and Pledge of Net Revenues

The Senior Series 2025 Bonds are being issued pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the “**Master Senior Indenture**”), by and between the Airport Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee (the “**Senior Trustee**”), and the Sixth Supplemental Trust Indenture, to be dated as of July 1, 2025 (the “**Sixth Supplemental Senior Indenture**,” and collectively with the Master Senior Indenture and all supplements thereto, the “**Senior Indenture**”), by and between the Airport Authority and the Senior Trustee; the Act; and certain other provisions of California State law (including Section 53580

et seq. of the California Government Code). The Board authorized the issuance of the Senior Series 2025 Bonds pursuant to a resolution adopted by the Board on June 5, 2025 (the “**Resolution**”). See “DESCRIPTION OF THE SENIOR SERIES 2025 BONDS.”

The Senior Series 2025 Bonds are secured by a pledge of and first lien on Net Revenues (as defined herein) on a parity with the Senior Series 2023 Bonds and any additional bonds or obligations issued or incurred on a parity with the Senior Series 2025 Bonds under the terms and provisions of the Master Senior Indenture (“**Additional Senior Bonds**”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Flow of Funds,” “—Pledge of Net Revenues,” “—Use of PFCs to Pay Debt Service” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE.”

The Senior Series 2025 Bonds are special obligations of the Airport Authority, payable solely from and secured by a pledge of and first lien on (a) Net Revenues, which include certain income and revenues received by the Airport Authority from the operation of the Airport System less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System (as defined herein), and (b) certain funds and accounts held by the Senior Trustee under the Senior Indenture. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Senior Series 2025 Bonds, and neither the full faith and credit nor the taxing power of the Airport Authority, the City of San Diego (the “City”), the County, the State of California (the “State”) or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Senior Series 2025 Bonds.

Existing Senior Bonds (Senior Series 2023 Bonds)

Pursuant to the Master Senior Indenture and the Fifth Supplemental Trust Indenture, dated as of October 1, 2023 (the “**Fifth Supplemental Senior Indenture**”), by and between the Airport Authority and the Senior Trustee, the Airport Authority previously issued, and as of June 1, 2025, there was \$1,059,745,000 aggregate principal amount outstanding of its Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the “**Senior Series 2023A Bonds**”) and Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the “**Senior Series 2023B Bonds**,” and together with the Senior Series 2023A Bonds, the “**Senior Series 2023 Bonds**”). For purposes of this Official Statement, “**Senior Bonds**” means the Senior Series 2025 Bonds, the Senior Series 2023 Bonds and any Additional Senior Bonds. The Senior Bonds are secured by a pledge of and first lien on Net Revenues and certain funds and accounts held by the Senior Trustee under the Senior Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Flow of Funds,” “—Pledge of Net Revenues,” “—Use of PFCs to Pay Debt Service” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE.”

Subordinate Obligations

Pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the “**Master Subordinate Indenture**,” and together with all supplements thereto, the “**Subordinate Indenture**”), by and between the Airport Authority and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as successor trustee (the “**Subordinate Trustee**”), the Airport Authority has issued the Existing Subordinate Bonds (as defined below), is authorized to issue and have outstanding, from time to time, up to \$200,000,000 in aggregate principal amount of its Subordinate Revolving Obligations (as defined herein) and may, from time to time, issue additional Subordinate Obligations (“**Additional Subordinate Obligations**”), all of which are secured by a pledge of and lien on “**Subordinate Net Revenues**” (which consist of Net Revenues less all amounts necessary to pay debt service on and fund the reserves for the Senior Bonds (including the Senior Series 2025 Bonds)). See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Flow of Funds.”

The Airport Authority previously issued, and as of June 1, 2025, there was \$2,741,325,000 aggregate principal amount outstanding of its Subordinate Airport Revenue Bonds, Series 2017A (Non-AMT) (the “**Subordinate Series 2017A Bonds**”), Subordinate Airport Revenue Bonds, Series 2017B (AMT) (the “**Subordinate Series 2017B Bonds**,” and together with the Subordinate Series 2017A Bonds, the “**Subordinate Series 2017 Bonds**”), Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (Governmental/Non-AMT) (the “**Subordinate Series 2019A Bonds**”), Subordinate Airport Revenue Bonds, Series 2019B (Private Activity/AMT) (the “**Subordinate Series 2019B Bonds**,” and together with the Subordinate Series 2019A Bonds, the “**Subordinate Series 2019 Bonds**”), Subordinate Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT) (the “**Subordinate Series 2020A Bonds**”), Subordinate Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT) (the “**Subordinate Series 2020B Bonds**”), Subordinate Airport Revenue Refunding Bonds, Series 2020C (Private Activity/AMT) (the “**Subordinate Series 2020C Bonds**,” and collectively with the Subordinate Series 2020A Bonds and the Subordinate Series 2020B Bonds, the “**Subordinate Series 2020 Bonds**”), Subordinate Airport Revenue Bonds, Series 2021A (Governmental/Non-AMT) (the “**Subordinate Series 2021A Bonds**”), Subordinate Airport Revenue Bonds, Series 2021B (Private Activity/AMT) (the “**Subordinate Series 2021B Bonds**,” and together with the Subordinate Series 2021A Bonds, the “**Subordinate Series 2021A/B Bonds**”), and Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable) (the “**Subordinate Series 2021C Bonds**,” and together with the Subordinate Series 2021A/B, the “**Subordinate Series 2021 Bonds**”). The Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds and the Subordinate Series 2021 Bonds are collectively referred to in this Official Statement as the “**Existing Subordinate Bonds**.”

Pursuant to the Master Subordinate Indenture, the Tenth Supplemental Subordinate Trust Indenture, dated as of July 18, 2024 (the “**Tenth Supplemental Subordinate Indenture**”), by and between the Airport Authority and the Subordinate Trustee, and the Amended and Restated Revolving Credit Agreement, dated as of July 18, 2024 (the “**Subordinate Credit Agreement**”), by and between the Airport Authority and Bank of America, N.A. (the “**Subordinate Revolving Obligations Bank**”), the Airport Authority is authorized to issue and have outstanding, from time to time, up to \$200,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations (collectively, the “**Subordinate Revolving Obligations**”). As of June 1, 2025, the Airport Authority had no Subordinate Revolving Obligations outstanding.

The Existing Subordinate Bonds and the Subordinate Revolving Obligations are collectively referred to in this Official Statement as the “**Existing Subordinate Obligations**”; and the Existing Subordinate Obligations and any Additional Subordinate Obligations are collectively referred to in this Official Statement as “**Subordinate Obligations**.” See “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations.”

Financial Feasibility Report

Included as Appendix A to this Official Statement is a Financial Feasibility Report dated June 9, 2025 (the “**Financial Feasibility Report**”), prepared by Unison Consulting, Inc. (the “**Feasibility Consultant**”), in conjunction with the issuance of the Senior Series 2025 Bonds. The Financial Feasibility Report includes, among other things, a description of the underlying economic base of SAN’s air service area; a description of historical air traffic activity at SAN; the Feasibility Consultant’s projections for air traffic activity at SAN through Fiscal Year 2031 and a description of the assumptions on which such projections were based; a description of existing and planned facilities at SAN, including the New T1; and the Feasibility Consultant’s projections of debt service, debt service coverage, expenses and revenues through Fiscal Year 2031 and a description of the assumptions upon which such projections were based. Inevitably, some assumptions used to develop the projections in the Financial Feasibility Report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be

differences between forecast and actual results, and those differences may be material. The projections contained in the Financial Feasibility Report are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Airport Authority assume any responsibility for the failure to meet such projections. The Financial Feasibility Report is an integral part of this Official Statement and should be read in its entirety. “FINANCIAL FEASIBILITY REPORT,” and “CERTAIN INVESTMENT CONSIDERATIONS—Financial Feasibility Report” and “APPENDIX A—FINANCIAL FEASIBILITY REPORT.”

Continuing Disclosure

The Airport Authority will covenant for the benefit of the owners and beneficial owners of the Senior Series 2025 Bonds to annually provide, or cause to be provided, certain financial information and operating data concerning the Airport Authority and the Airport System, and to provide, or cause to be provided, notices of certain enumerated events to the Municipal Securities Rulemaking Board (“**MSRB**”) through its Electronic Municipal Market Access System (the “**EMMA System**”) or any successor method designated by the MSRB, pursuant to the requirements of Rule 15c2-12 of the Securities Exchange Commission. See “CONTINUING DISCLOSURE,” “APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Investment Considerations

The purchase and ownership of the Senior Series 2025 Bonds involve investment risks. Prospective purchasers of the Senior Series 2025 Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Senior Series 2025 Bonds, see “CERTAIN INVESTMENT CONSIDERATIONS.”

Forward-Looking Statements

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

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

Additional Information

Brief descriptions of the Senior Series 2025 Bonds, the Senior Indenture, the Subordinate Indenture, the Airline Lease Agreements (as defined herein) and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, laws, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, law, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Airport Authority since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Airport Authority and the purchasers or owners of any of the Senior Series 2025 Bonds. The Airport Authority maintains a website and social media accounts, the information on which are not part of this Official Statement, have not and are not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Senior Series 2025 Bonds. Additionally, any information on any websites referred to in this Official Statement is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Senior Series 2025 Bonds.

PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS

General

Proceeds from the sale of the Senior Series 2025 Bonds will be used to (a) pay for certain capital improvements at SAN associated with the New T1 program, (b) fund a portion of the interest accruing on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds and the Subordinate Series 2021A/B Bonds, (c) make a deposit to the Senior Reserve Fund, and (d) pay the costs of issuance of the Senior Series 2025 Bonds.

Financing of New T1

A portion of the proceeds of the Senior Series 2025 Bonds will be used to pay for costs related to the design, construction, improvement and equipping of the New T1. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT” and “APPENDIX A—FINANCIAL FEASIBILITY REPORT.”

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Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Senior Series 2025 Bonds:

	Senior Series 2025A Bonds	Senior Series 2025B Bonds	Total
<u>Sources</u>			
Principal Amount	\$155,815,000.00	\$628,635,000.00	\$784,450,000.00
Original Issue Premium	10,661,638.15	26,745,340.25	37,406,978.40
<i>Total Sources</i>	<u>\$166,476,638.15</u>	<u>\$655,380,340.25</u>	<u>\$821,856,978.40</u>
<u>Uses</u>			
Deposit to Senior Series 2025 Construction Funds	\$133,353,887.60	\$485,572,070.52	\$618,925,958.12
Deposit to Capitalized Interest Accounts ¹	22,132,371.20	126,536,688.48	148,669,059.68
Deposit to Senior Reserve Fund	10,433,265.56	41,073,373.49	51,506,639.05
Costs of Issuance ²	557,113.79	2,198,207.76	2,755,321.55
<i>Total Uses</i>	<u>\$166,476,638.15</u>	<u>\$655,380,340.25</u>	<u>\$821,856,978.40</u>

¹ Represents a portion of the interest accruing on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds and the Subordinate Series 2021A/B Bonds.

² Includes Underwriters' discount, legal and other costs of issuance.

DESCRIPTION OF THE SENIOR SERIES 2025 BONDS

General

The Senior Series 2025 Bonds will bear interest at the rates and mature on the dates set forth on the inside cover pages of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Senior Series 2025 Bonds will be dated their date of delivery, and will bear interest from such date, payable semi-annually on January 1 and July 1 of each year (each an **"Interest Payment Date"**), commencing on January 1, 2026. Interest due and payable on the Senior Series 2025 Bonds on any Interest Payment Date will be paid to the registered owner as of the Record Date (Cede & Co., so long as the book-entry system with The Depository Trust Company ("**DTC**") is in effect). Each Senior Series 2025 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Senior Series 2025 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Senior Series 2025 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before December 15, 2025, in which event such Senior Series 2025 Bond will bear interest from its date of delivery. If interest on the Senior Series 2025 Bonds is in default, Senior Series 2025 Bonds issued in exchange for Senior Series 2025 Bonds surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Senior Series 2025 Bonds surrendered.

The Senior Series 2025 Bonds will be issued in denominations of \$5,000 or integral multiples thereof. The Senior Series 2025 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Senior Series 2025 Bonds. Individual purchases may be made in book-entry-form only. Purchasers will not receive certificates representing their interest in the Senior Series 2025 Bonds.

purchased. So long as Cede & Co., as a nominee of DTC, is the registered owner of the Senior Series 2025 Bonds, references herein to the Holders or registered owners means Cede & Co., and does not mean the Beneficial Owners of the Senior Series 2025 Bonds.

So long as Cede & Co. is the registered owner of the Senior Series 2025 Bonds, principal of and interest on the Senior Series 2025 Bonds will be payable by wire transfer by the Senior Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC participants, for subsequent disbursement to the Beneficial Owners. See “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The Senior Series 2025 Bonds maturing on or before July 1, 2035 are not subject to optional redemption prior to maturity. The Senior Series 2025 Bonds maturing on and after July 1, 2036 are subject to redemption prior to maturity, at the option of the Airport Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 2035, at a redemption price equal to 100% of the principal amount of the Senior Series 2025 Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption.

The Senior Series 2025A Bonds maturing on July 1, 2050 (the “**Senior Series 2025A Term Bonds (2050)**”) are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount
2046	\$6,435,000
2047	6,775,000
2048	7,130,000
2049	7,505,000
2050 [†]	7,900,000

[†] Final Maturity.

The Senior Series 2025A Bonds maturing on July 1, 2055 (the “**Senior Series 2025A Term Bonds (2055)**,” and together with the Senior Series 2025A Term Bonds (2050), the “**Senior Series 2025A Term Bonds**”) are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount
2051	\$ 8,310,000
2052	8,745,000
2053	9,205,000
2054	9,690,000
2055 [†]	10,200,000

[†] Final Maturity.

The Senior Series 2025B Bonds maturing on July 1, 2050 (the “**Senior Series 2025B Term Bonds (2050)**”) are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount
2046	\$31,045,000
2047	32,675,000
2048	34,390,000
2049	36,195,000
2050 [†]	38,095,000

[†] Final Maturity.

The Senior Series 2025B Bonds maturing on July 1, 2055 (the “**Senior Series 2025B Term Bonds (2055)**,” and together with the Senior Series 2025B Term Bonds (2050), the “**Senior Series 2025B Term Bonds**”) are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount
2051	\$40,095,000
2052	14,935,000
2053	15,765,000
2054	16,630,000
2055 [†]	17,545,000

[†] Final Maturity.

The Senior Series 2025A Term Bonds and the Senior Series 2025B Term Bonds are collectively referred to herein as the “**Senior Series 2025 Term Bonds.**” At the option of the Airport Authority, to be exercised by delivery of a written certificate to the Senior Trustee on or before the 60th day next preceding any mandatory sinking fund redemption date for the Senior Series 2025 Term Bonds, it may (a) deliver to the Senior Trustee for cancellation Senior Series 2025 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Airport Authority or (b) specify a principal amount of Senior Series 2025 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Senior Trustee at the request of the Airport Authority and not theretofore applied as a

credit against any mandatory sinking fund redemption requirement. Each such Senior Series 2025 Term Bond, as applicable, or portion thereof so purchased or otherwise acquired or redeemed and delivered to the Senior Trustee for cancellation will be credited by the Senior Trustee at 100% of the principal amount thereof against the obligation of the Airport Authority to pay the principal of such applicable Senior Series 2025 Term Bond on such mandatory sinking fund redemption date.

Notices of Redemption to Holders; Conditional Notice of Optional Redemption. The Senior Trustee will give notice of redemption, in the name of the Airport Authority, to Holders affected by redemption (or DTC, so long as the book-entry system with DTC is in effect) at least 30 days but not more than 60 days before each redemption date and send such notice of redemption by first class mail (or with respect to Senior Series 2025 Bonds held by DTC via electronic means or by an express delivery service for delivery on the next following Business Day or by such other means as permitted or required by DTC's procedures) to each Holder of a Senior Series 2025 Bond to be redeemed; each such notice will be sent to the Holder's registered address.

Each notice of redemption will specify the Series, the maturity date, the interest rate and the CUSIP number of each Senior Series 2025 Bond to be redeemed, if less than all Senior Series 2025 Bonds of a Series, maturity date and interest rate are called for redemption the numbers assigned to the Senior Series 2025 Bonds to be redeemed, the principal amount to be redeemed, the original issue date, the date fixed for redemption, the redemption price, the place or places of payment, the Senior Trustee's name, that payment will be made upon presentation and surrender of the Senior Series 2025 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

The Airport Authority may provide that, if at the time of mailing of notice of an optional redemption there has not been deposited with the Senior Trustee moneys sufficient to redeem all the Senior Series 2025 Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Senior Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be canceled and on such cancellation date notice will be mailed to the Holders of such Senior Series 2025 Bonds called for redemption.

Failure to give any required notice of redemption as to any particular Senior Series 2025 Bonds will not affect the validity of the call for redemption of any Senior Series 2025 Bonds in respect of which no failure occurs. Any notice sent as provided in the Senior Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Senior Series 2025 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Senior Trustee sufficient for redemption, interest on the Senior Series 2025 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

Effect of Redemption. On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Senior Indenture and as described above and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, the Senior Series 2025 Bonds called for redemption will become and be due and payable on the redemption date, interest on such Senior Series 2025 Bonds will cease to accrue from and after such redemption date, such Senior Series 2025 Bonds will cease to be entitled to any lien, benefit or security under the Senior Indenture and the Holders of such Senior Series 2025 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Senior Series 2025 Bonds which have been duly called for redemption and for which moneys for the payment of the redemption price are held in trust for the Holders thereof, all

as provided in the Sixth Supplemental Senior Indenture, will not be deemed to be Outstanding under the provisions of the Senior Indenture.

Selection of Senior Series 2025 Bonds for Redemption; Senior Series 2025 Bonds Redeemed in Part. Redemption of the Senior Series 2025 Bonds will only be in Authorized Denominations. The Senior Series 2025 Bonds are subject to redemption in such order of maturity and interest rate within a Series (except mandatory sinking fund payments on the Senior Series 2025A Term Bonds and the Senior Series 2025B Term Bonds) as the Airport Authority may direct, and by lot within such maturity and interest rate selected in such manner as the Senior Trustee (or DTC, as long as DTC is the securities depository for the Senior Series 2025 Bonds), deems appropriate.

Except as otherwise provided under the procedures of DTC, on or before the 45th day prior to any mandatory sinking fund redemption date, the Senior Trustee will proceed to select for redemption (by lot in such manner as the Senior Trustee may determine), from the applicable Senior Series 2025A Term Bonds or the Senior Series 2025B Term Bonds, as applicable, subject to such redemption, an aggregate principal amount of such applicable Senior Series 2025A Term Bonds or the Senior Series 2025B Term Bonds, as applicable, equal to the amount for such year as set forth in the applicable table under “Mandatory Sinking Fund Redemption” above and will call such Senior Series 2025A Term Bonds or Senior Series 2025B Term Bonds, as applicable, or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

Upon surrender of a Senior Series 2025A Bond or a Senior Series 2025B Bond to be redeemed in part only, the Senior Trustee will authenticate for the Bondholder a new Senior Series 2025A Bond or Senior Series 2025A Bonds or Senior Series 2025B Bond or Senior Series 2025B Bonds, as applicable, of the same maturity date and interest rate equal in principal amount to the unredeemed portion of the Senior Series 2025A Bond or Senior Series 2025B Bond, as applicable, surrendered.

SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS

Flow of Funds

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

“**Revenues**” are generally defined in the Master Senior Indenture to mean, except to the extent specifically excluded therefrom, all income, receipts, earnings and revenues received by the Airport Authority from the operation and ownership of the Airport System, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to: (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the Airport Authority for the use or availability of the Airport System; and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Airport Authority, including rental or business interruption insurance proceeds received by, held by, accrued to or entitled to be received by the Airport Authority or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Airport Authority receives payments which are attributable to the Airport System or activities or undertakings related thereto. Revenues also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any

earnings allowed to be pledged by the terms of a supplemental indenture to fund a construction fund) from the investment of amounts held in the Revenue Account, any construction fund, any debt service fund (except Capitalized Interest on deposit therein), any debt service reserve fund and such additional revenues, if any, as are designated as “Revenues” under the terms of a supplemental indenture. Unless otherwise designated as “Revenues” under the terms of a Supplemental Senior Indenture or pursuant to a certificate of the Airport Authority, PFCs, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Senior Capitalized Interest, Subordinate Capitalized Interest, Customer Facility Charges (“CFCs”) and Federal Direct Payments are specifically excluded from Revenues. The Airport Authority has not designated, pursuant to a Supplemental Senior Indenture or a certificate of the Airport Authority, PFCs, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Senior Capitalized Interest, Subordinate Capitalized Interest, CFCs or Federal Direct Payments as Revenues. However, the Airport Authority expects to apply a portion of the PFCs it receives to the payment of debt service on certain Senior Bonds and Subordinate Obligations that are PFC Eligible Bonds (as defined herein) (see “—Use of PFCs to Pay Debt Service” below). Also, although not included in Revenues, the Senior Capitalized Interest on deposit in the debt service funds for the Senior Series 2025A Bonds and the Senior Series 2025B Bonds is subject to a lien on and security interest in favor of the Holders of the Senior Series 2025A Bonds and the Senior Series 2025B Bonds, respectively.

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

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

(2) *Senior Debt Service Funds.* On or prior to the 15th day of each calendar month, Revenues will be transferred by the Airport Authority to the Senior Trustee for deposit in the debt service funds established in respect of each series of Senior Bonds (the “**Senior Debt Service Funds**”) equal to: (a) 1/6 of the interest coming due on the Senior Bonds on the next interest payment date for the Senior Bonds, provided that at least the full amount required to pay the interest on the Senior Bonds, as it becomes due, will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date each installment of interest becomes due, (b) 1/12 of the principal amount of the Senior Bonds maturing on the next principal payment date, provided that at least the full amount required to pay the principal amount of the Senior Bonds, as it becomes due, will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date such principal amount becomes due, and (c) 1/12 of the sinking installment payments, if any, with respect to the Senior Bonds subject to mandatory sinking fund redemption (the “**Senior Term Bonds**”) on the next redemption date, provided that at least the full amount required to pay the sinking installment payment, if any, with respect to the Senior Term Bonds will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date such sinking installment payment becomes due. Additionally, if provided for in a Supplemental Senior Indenture, regularly scheduled swap payments on a qualified swap may be payable from Net Revenues on a parity basis with the outstanding Senior Bonds.

(3) *Senior Debt Service Reserve Funds.* A sufficient amount of Revenues will be transferred by the Airport Authority, without priority and on an equal basis, except as to timing of payment to the Senior Trustee for deposit into the respective Senior Debt Service Reserve Funds established pursuant to the Senior Indenture, if any, at the times and in such amounts as required to be used to pay or replenish such Senior Debt Service Reserve Funds or reimburse a Credit Provider of a Senior Debt Service Reserve Fund Surety Policy. See “—Senior Reserve Fund” below.

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

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

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

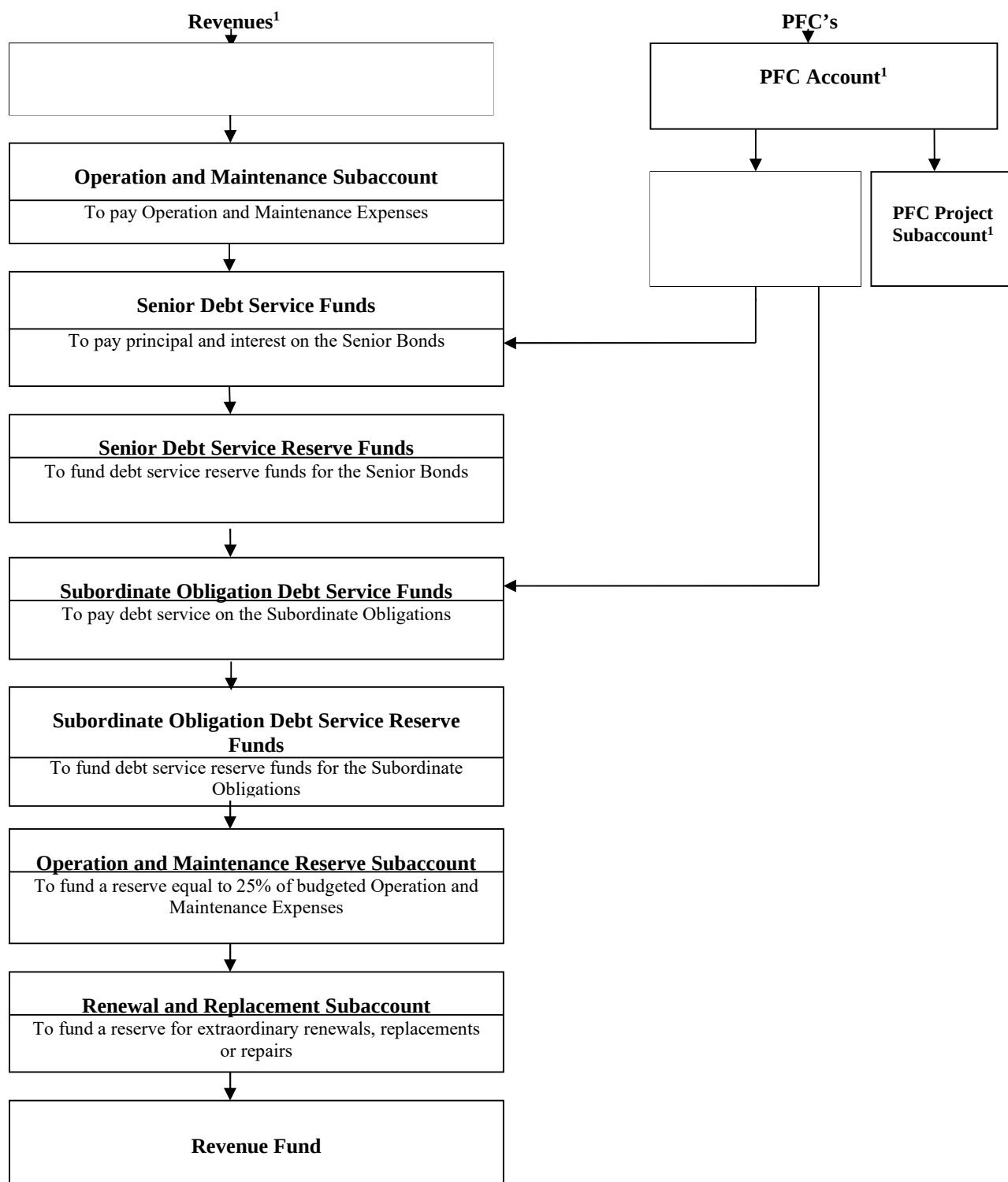
(7) *Renewal and Replacement Subaccount.* On or prior to the 20th day of each month, to the payment of the amounts required to be deposited in the Renewal and Replacement Subaccount as specified in the Master Senior Indenture.

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

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

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**San Diego County Regional Airport Authority
Flow of Funds**



¹ Revenues do not include PFC revenues, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Senior Capitalized Interest, Subordinate Capitalized Interest or CFCs unless otherwise included in Revenues pursuant to a Supplemental Senior Indenture or a certificate of the Airport Authority; which has not occurred as of the date of this Official Statement.

Pledge of Net Revenues

The Senior Series 2025 Bonds are special obligations of the Airport Authority payable solely from and secured by a pledge of and first lien on Net Revenues. The Senior Series 2025 Bonds also are secured by a pledge of and lien on amounts held by the Senior Trustee in certain funds and accounts pursuant to the Senior Indenture, as further described herein.

“**Net Revenues**” are, for any given period, Revenues for such period, less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System for such period. See “—Flow of Funds” above.

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

None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Senior Series 2025 Bonds, and neither the full faith and credit nor the taxing power of the Airport Authority, the City, the County, the State or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Senior Series 2025 Bonds.

Net Revenues are available for the equal and proportionate benefit and security of all Senior Bonds. The Senior Series 2025 Bonds are secured by a pledge of and first lien on Net Revenues on parity with the Senior Series 2023 Bonds and any Additional Senior Bonds issued in the future. See “—Additional Senior Bonds” below.

Senior Rate Covenant

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

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

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

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

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than Senior Bonds, including the Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness other than Senior Bonds, including the Subordinate Obligations.

(b) The Airport Authority has further agreed that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year Net Revenues will be equal to at least 125% of the total Senior Aggregate Annual Debt Service on the Outstanding Senior Bonds.

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

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

Pursuant to the Master Senior Indenture, for the purpose of determining compliance with the rate covenant described above, the Airport Authority may exclude from its calculation of Operation and Maintenance Expenses of the Airport System and Senior Aggregate Annual Debt Service with respect to the Senior Bonds, Operation and Maintenance Expenses of the Airport System and debt service or portions thereof on Senior Bonds that is paid with amounts not included in Revenues, including, but not limited to PFC revenues, Federal Direct Payments, Senior Capitalized Interest and COVID-19 Federal Relief Funds. The exclusion of such Operation and Maintenance Expenses of the Airport System and debt service could result in higher debt service coverage ratios. Additionally, the Airport Authority has previously used and expects to use in the future, as applicable (a) PFC revenues to pay a portion of the debt service on the Senior Series 2023 Bonds, the Senior Series 2025 Bonds and Additional Senior Bonds that are PFC Eligible Bonds, and (b) Senior Capitalized Interest to pay a portion of the interest on the Senior Series 2025 Bonds and the Senior Series 2023 Bonds through January 1, 2028. See “—Use of PFCs to Pay Debt Service,” “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources for Capital Program—Passenger Facility Charges” and “CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of PFCs” for additional information about the Airport Authority's expected use of PFC revenues. See also “APPENDIX A—FINANCIAL FEASIBILITY REPORT.”

Senior Reserve Fund

Pursuant to the Master Senior Indenture and the Fifth Supplemental Senior Indenture, the Airport Authority established a Senior Debt Service Reserve Fund (the “**Senior Reserve Fund**”) with the Senior Trustee to secure any Senior Bonds the Airport Authority elects to participate in the Senior Reserve Fund. At the time of issuance of the Senior Series 2023 Bonds, the Airport Authority elected to have the Senior

Series 2023 Bonds participate in the Senior Reserve Fund. Additionally, at the time of issuance of the Senior Series 2025 Bonds, the Airport Authority will elect to have the Senior Series 2025 Bonds participate in the Senior Reserve Fund. The Senior Series 2023 Bonds, the Senior Series 2025 Bonds and any Additional Senior Bonds the Airport Authority elects to have participate in the Senior Reserve Fund are collectively referred to in this Official Statement as the “**Senior Reserve Fund Participating Bonds**.”

Except as otherwise provided in the Fifth Supplemental Senior Indenture, the Senior Reserve Fund is required to be funded at all times in an amount equal to the Senior Reserve Requirement. The “**Senior Reserve Requirement**” is equal to the lesser of (a) Senior Maximum Aggregate Annual Debt Service for all Senior Reserve Fund Participating Bonds; (b) 10% of the principal amount of all Senior Reserve Fund Participating Bonds, less the amount of original issue discount with respect to such Senior Reserve Fund Participating Bonds if such original issue discount exceeded 2% on such Senior Reserve Fund Participating Bonds at the time of their original sale; and (c) 125% of the average Senior Aggregate Annual Debt Service for all Senior Reserve Fund Participating Bonds. At the time of issuance of the Senior Series 2025 Bonds, the Senior Reserve Requirement will be equal to \$128,952,012.50. At the time of issuance of the Senior Series 2025 Bonds, the Senior Reserve Requirement will be met by depositing a portion of the proceeds of the Senior Series 2025 Bonds into the Senior Reserve Fund. At the time of issuance of the Senior Series 2025 Bonds, the Senior Reserve Fund will be funded with cash and securities, and no portion of the Senior Reserve Fund will be funded with a Senior Reserve Fund Insurance Policy.

The Senior Trustee will annually, on or about July 2 of each year and at such other times as the Airport Authority deems appropriate, value the Senior Reserve Fund. If, upon any valuation, the value of the Senior Reserve Fund exceeds the Senior Reserve Requirement, the excess amount, including investment earnings, will be withdrawn and deposited by the Senior Trustee into the respective Senior Debt Service Funds for each Series of Senior Bonds participating in the Senior Reserve Fund, pro rata based on outstanding par amounts for each Series of Senior Bonds participating in the Senior Reserve Fund, unless otherwise directed by the Airport Authority. If, upon any valuation, the value of the Senior Reserve Fund is less than the Senior Reserve Requirement, the Airport Authority will replenish such amounts within 12 months of the date of valuation.

In the event the Airport Authority elects to have Additional Senior Bonds participate in the Senior Reserve Fund, at the time of issuance of such Additional Senior Bonds or within twelve months of the date of issuance of such Additional Senior Bonds, the Airport Authority will deposit an amount in the Senior Reserve Fund sufficient to cause the amount on deposit in the Senior Reserve Fund to equal the Senior Reserve Requirement.

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

The Airport Authority may fund all or a portion of the Senior Reserve Requirement with a Senior Reserve Fund Insurance Policy. A Senior Reserve Fund Insurance Policy may be an insurance policy, letter of credit, surety bond or other financial instrument deposited in the Senior Reserve Fund in lieu of or in partial substitution for cash or securities which is provided by an institution rated, at the time of issuance of such policy, in one of the two highest long term rating categories (without regard to any numerical

modifier, plus or minus sign or other modifier). Any such Senior Reserve Fund Insurance Policy must either extend to the final maturity of the Series of Senior Bonds for which the Senior Reserve Fund Insurance Policy was issued, or the Airport Authority must agree, by Supplemental Senior Indenture, that the Airport Authority will replace such Senior Reserve Fund Insurance Policy prior to its expiration with another Senior Reserve Fund Insurance Policy or with cash. Any such Senior Reserve Fund Insurance Policy will be required to secure all of the Senior Bonds participating in the Senior Reserve Fund.

Additional Senior Bonds

Additional Senior Bonds may be issued under the Master Senior Indenture on a parity with the Senior Series 2025 Bonds and the Senior Series 2023 Bonds, provided, among other things, that there is delivered to the Senior Trustee either:

(a) a certificate, dated as of a date between the date of pricing of the Senior Bonds being issued and the date of delivery of such Senior Bonds (both dates inclusive), prepared by an Authorized Authority Representative showing the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds or preceding the first issuance of the proposed Senior Program Bonds were at least equal to 125% of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds and the proposed Series of Senior Bonds, calculated as if the proposed Series of Senior Bonds and the full Authorized Amount of such proposed Senior Program Bonds, as applicable, were then Outstanding; or

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

(i) 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 Senior Bonds or the establishment of a Senior Program, were at least equal to 125% of the sum of Senior Aggregate Annual Debt Service due and payable with respect to all Outstanding Senior Bonds for such applicable period;

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

(iii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Senior Bonds during which no interest on such Series of Senior Bonds to be on deposit in the respective Senior Debt Service Fund or such other fund or account is expected to be funded from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Senior Bonds; or (B) the third full Fiscal Year during which no amount of interest on such Series of Senior Bonds to be on deposit in the respective Senior Debt Service Fund or such other fund or account is expected to be funded from the proceeds thereof, the estimated Net Revenues for each such Fiscal Year, will be at least equal to 125% of the Senior Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Senior

Bonds, Unissued Senior Program Bonds and calculated as if the proposed Series of Senior Bonds and the full Authorized Amount of such proposed Senior Program Bonds, as applicable, were then Outstanding.

The certificate described in (b) above is expected to be delivered by the Feasibility Consultant at the time of issuance of the Senior Series 2025 Bonds.

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

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

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

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

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

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

Use of PFCs to Pay Debt Service

The Aviation Safety and Capacity Expansion Act of 1990, as amended (the "**PFC Act**"), as implemented by the FAA pursuant to published regulations (the "**PFC Regulations**"), permits public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a \$1.00, \$2.00 or \$3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of \$4.50. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects (including paying the debt service on bonds issued to finance such projects) that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers. The Airport Authority currently charges all enplaning passengers at SAN a PFC of \$4.50. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources for Capital Program—Passenger Facility Charges" for additional information about PFCs collected by the Airport Authority.

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

Even though PFCs are not included in Revenues and the Airport Authority has not irrevocably committed any PFCs to the payment of debt service on the Senior Bonds or the Subordinate Obligations, the Airport Authority has used in the past, and expects to use in the future, PFCs to pay debt service on certain PFC Eligible Bonds. "**PFC Eligible Bonds**" are Senior Bonds and Subordinate Obligations the principal of and/or interest on which may be paid with PFCs pursuant to the provisions of the PFC Act. Pursuant to the terms of the Airline Lease Agreements, to help reduce airline costs following the opening of Phase 1A of the new Terminal 1 (expected in September 2025), the Airport Authority agreed not to use any PFCs to pay debt service on PFC Eligible Bonds between Fiscal Years 2023 and 2025, and use those

PFCs in Fiscal Years 2026 through 2031 to pay debt service on PFC Eligible Bonds. As described in additional detail in the Financial Feasibility Report, in Fiscal Years 2026 through 2031, the Airport Authority expects to use approximately \$368.3 million of PFCs to pay debt service on PFC Eligible Bonds (including portions of the Subordinate Series 2019A Bonds, the Subordinate Series 2020 Bonds, the Subordinate Series 2021 Bonds, the Senior Series 2023 Bonds and the Senior Series 2025 Bonds). The Airport Authority is currently in the process of filing an application with the FAA to collect and use PFCs to pay debt service on the PFC-eligible portions of the Subordinate Series 2021A/B Bonds, the Senior Series 2023 Bonds and the Senior Series 2025 Bonds. The Airport Authority anticipates filing the new PFC application in the fall of 2025 and receiving FAA approval prior to the end of Fiscal Year 2026. Debt service on Senior Bonds and Subordinate Obligations paid with PFCs is excluded from the calculation of the rate covenants for the Senior Bonds and the Subordinate Obligations, which results in higher debt service coverage ratios. The Airport Authority does not expect to use any PFCs to pay debt service on the Subordinate Series 2017 Bonds or the Subordinate Series 2019B Bonds. See also “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources for the Capital Program—Passenger Facility Charges,” and “CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of PFCs.”

Permitted Investments

Moneys and funds held by the Airport Authority that are subject to the provisions of the Master Senior Indenture and/or the Subordinate Indenture will be invested in Senior Permitted Investments and Subordinate Permitted Investments, subject to any restrictions set forth in the Master Senior Indenture and the Subordinate Indenture, respectively, and subject to restrictions imposed upon the Airport Authority. Moneys and funds held by the Senior Trustee under the Senior Indenture, including moneys in the respective Senior Debt Service Funds (and the accounts therein) and in the Senior Reserve Fund, may be invested as directed by the Airport Authority in Senior Permitted Investments, subject to the restrictions set forth in the Senior Indenture, and subject to restrictions imposed upon the Airport Authority. See “FINANCIAL INFORMATION—Summary of Financial Operations—Investment Practices.”

Senior Events of Default and Remedies; No Acceleration

Events of Default under the Senior Indenture and related remedies are described in “APPENDIX C-2—SUMMARY OF MASTER SENIOR INDENTURE—Senior Defaults and Remedies.” The occurrence of a Senior Event of Default under the Senior Indenture (or a Subordinate Event of Default under the Subordinate Indenture) does not grant any right to accelerate payment of the Senior Bonds (including the Senior Series 2025 Bonds) or the Subordinate Obligations to either the Senior Trustee or the Subordinate Trustee, or the Holders of the Senior Bonds (including the Senior Series 2025 Bonds) or the Subordinate Obligations. The Senior Trustee is authorized to take certain actions upon the occurrence of a Senior Event of Default under the Senior Indenture, including proceedings to enforce the obligations of the Airport Authority under the Senior Indenture. If there is a Senior Event of Default under the Senior Indenture, payments, if any, on the Senior Bonds will be made after Operation and Maintenance Expenses of the Airport System.

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OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE

Outstanding Senior Bonds

The following table sets forth the principal amounts and final maturity dates of the Senior Series 2023 Bonds as of June 1, 2025. The Senior Series 2023 Bonds are the only Senior Bonds currently Outstanding.

TABLE 1
San Diego County Regional Airport Authority
Existing Senior Bonds
(as of June 1, 2025)

Existing Senior Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 2023A	\$ 74,675,000	\$ 72,440,000	7/1/2058
Series 2023B	987,305,000	987,305,000	7/1/2058
Total	<u>\$1,061,980,000</u>	<u>\$1,059,745,000</u>	

Source: San Diego County Regional Airport Authority

Outstanding Subordinate Obligations

Existing Subordinate Bonds. The following table sets forth the principal amounts and final maturity dates of the Existing Subordinate Bonds as of June 1, 2025.

TABLE 2
San Diego County Regional Airport Authority
Existing Subordinate Bonds
(as of June 1, 2025)

Existing Subordinate Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 2017A	\$ 146,040,000	\$ 128,110,000	7/1/2047
Series 2017B	145,170,000	127,035,000	7/1/2047
Series 2019A	338,775,000	325,205,000	7/1/2049
Series 2019B	124,905,000	116,885,000	7/1/2049
Series 2020A	26,145,000	17,635,000	7/1/2040
Series 2020B	189,090,000	143,315,000	7/1/2040
Series 2020C	26,405,000	20,280,000	7/1/2040
Series 2021A	495,315,000	495,315,000	7/1/2056
Series 2021B	1,089,260,000	1,089,260,000	7/1/2056
Series 2021C	<u>357,170,000</u>	<u>278,285,000</u>	7/1/2043
Total	<u>\$2,938,275,000</u>	<u>\$2,741,325,000</u>	

Source: San Diego County Regional Airport Authority

Subordinate Revolving Obligations. Pursuant to the Master Subordinate Indenture, the Tenth Supplemental Subordinate Indenture and the Subordinate Amended and Restated Credit Agreement, the Airport Authority is authorized to issue and have outstanding, from time to time, up to \$200,000,000 in aggregate principal amount of Subordinate Revolving Obligations. As of June 1, 2025, the Airport Authority had no Subordinate Revolving Obligations outstanding.

All Subordinate Revolving Obligations issued by the Airport Authority are purchased by the Subordinate Revolving Obligations Bank (Bank of America, N.A.) in accordance with the terms of the Subordinate Credit Agreement. Except as otherwise provided in the Subordinate Credit Agreement, the principal of all Subordinate Revolving Obligations outstanding pursuant the Master Subordinate Indenture, the Tenth Supplemental Subordinate Indenture and the Subordinate Credit Agreement are due and payable on July 17, 2027. However, subject to the terms of the Subordinate Credit Agreement, on July 16, 2027, the Airport Authority can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in four equal quarterly installments beginning 90 days following July 16, 2027, with the final payment being due on July 16, 2028.

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Debt Service Requirements

The following table sets forth the debt service requirements on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds and the Existing Subordinate Bonds.

TABLE 3
San Diego County Regional Airport Authority
Debt Service Requirements for Senior Series 2023 Bonds, Senior Series 2025 Bonds and Existing Subordinate Bonds¹

Year Ended July 1	Total Debt Service for Senior Series 2023 Bonds ^{2,3}	Senior Series 2025A Bonds ^{2,4}		Senior Series 2025B Bonds ^{2,4}		Total Debt Service for Senior Bonds ²	Total Debt Service for Existing Subordinate Bonds ^{7,8,9}	Total Debt Service for Senior and Subordinate Bonds
		Principal	Interest ⁵	Principal	Interest ⁶			
2026	\$ 53,791,413	—	\$ 7,817,810	—	\$ 32,201,266	\$ 93,810,488	\$ 156,977,192	\$ 250,787,680
2027	53,791,413	—	7,995,488	—	32,933,113	94,720,013	156,992,192	251,712,204
2028	68,241,413	\$ 1,365,000	7,995,488	\$ 6,465,000	32,933,113	117,000,013	156,995,192	273,995,204
2029	68,238,913	2,810,000	7,927,238	13,260,000	32,609,863	124,846,013	156,992,442	281,838,454
2030	68,235,413	2,950,000	7,786,738	13,920,000	31,946,863	124,839,013	157,484,692	282,323,704
2031	69,454,163	3,095,000	7,639,238	14,615,000	31,250,863	126,054,263	174,451,299	300,505,562
2032	69,137,163	3,250,000	7,484,488	15,345,000	30,520,113	125,736,763	175,804,685	301,541,448
2033	70,046,163	3,415,000	7,321,988	16,115,000	29,752,863	126,651,013	174,674,675	301,325,688
2034	68,033,413	3,580,000	7,151,238	16,920,000	28,947,113	124,631,763	179,031,174	303,662,936
2035	68,034,288	3,765,000	6,972,238	17,765,000	28,101,113	124,637,638	182,662,381	307,300,019
2036	71,471,988	3,950,000	6,783,988	18,655,000	27,212,863	128,073,838	178,219,309	306,293,147
2037	68,128,438	4,145,000	6,586,488	19,585,000	26,280,113	124,725,038	181,901,085	306,626,122
2038	68,182,913	4,355,000	6,379,238	20,615,000	25,251,900	124,784,050	181,898,358	306,682,408
2039	68,237,063	4,575,000	6,161,488	21,695,000	24,169,613	124,838,163	181,891,696	306,729,858
2040	68,292,063	4,800,000	5,932,738	22,835,000	23,030,625	124,890,425	181,922,401	306,812,826
2041	72,345,813	5,040,000	5,692,738	24,035,000	21,831,788	128,945,338	177,296,367	306,241,705
2042	72,345,063	5,295,000	5,440,738	25,295,000	20,569,950	128,945,750	177,291,463	306,237,213
2043	72,349,063	5,560,000	5,175,988	26,625,000	19,241,963	128,952,013	177,289,911	306,241,923
2044	67,063,563	5,840,000	4,897,988	28,025,000	17,844,150	123,670,700	152,835,750	276,506,450
2045	67,068,813	6,130,000	4,605,988	29,495,000	16,372,838	123,672,638	152,840,800	276,513,438
2046	67,064,063	6,435,000	4,299,488	31,045,000	14,824,350	123,667,900	152,844,200	276,512,100
2047	67,065,813	6,775,000	3,961,650	32,675,000	13,194,488	123,671,950	152,835,000	276,506,950
2048	67,059,563	7,130,000	3,605,963	34,390,000	11,479,050	123,664,575	134,516,500	258,181,075
2049	67,061,313	7,505,000	3,231,638	36,195,000	9,673,575	123,666,525	134,517,500	258,184,025
2050	67,061,063	7,900,000	2,837,625	38,095,000	7,773,338	123,667,025	120,746,000	244,413,025
5051	67,059,063	8,310,000	2,422,875	40,095,000	5,773,350	123,660,288	120,745,500	244,405,788
5052	67,065,313	8,745,000	1,986,600	14,935,000	3,568,125	96,300,038	148,111,250	244,411,288
2053	67,064,063	9,205,000	1,527,488	15,765,000	2,746,700	96,308,250	148,100,500	244,408,750
2054	67,060,063	9,690,000	1,044,225	16,630,000	1,879,625	96,303,913	148,104,750	244,408,663
2055	67,063,713	10,200,000	535,500	17,545,000	964,975	96,309,188	148,104,750	244,413,938
2056	67,064,600	—	—	—	—	67,064,600	148,106,500	215,171,100
2057	67,065,400	—	—	—	—	67,065,400	—	67,065,400
2058	67,063,238	—	—	—	—	67,063,238	—	67,063,238
Total	\$2,224,305,788	\$155,815,000	\$159,202,373	\$628,635,000	\$604,879,653	\$3,772,837,813	\$4,972,185,513	\$8,745,023,326

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

² The Senior Series 2023 Bonds and the Senior Series 2025 Bonds have a first lien on Net Revenues.

³ Includes a portion of the interest on the Senior Series 2023 Bonds through January 1, 2028 to be paid from a portion of the proceeds of the Senior Series 2025 Bonds. Principal of and interest on the Senior Series 2023 Bonds does not reflect the application of PFCs to the payment of debt service on the Senior Series 2023 Bonds.

⁴ Principal of and interest on the Senior Series 2025 Bonds does not reflect the application of PFCs to the payment of debt service on the Senior Series 2025 Bonds.

⁵ Includes a portion of the interest on the Senior Series 2025A Bonds through January 1, 2028 to be paid from a portion of the proceeds of the Senior Series 2025A Bonds.

⁶ Includes a portion of the interest on the Senior Series 2025B Bonds through January 1, 2028 to be paid from a portion of the proceeds of the Senior Series 2025B Bonds.

⁷ The Subordinate Obligations (including the Existing Subordinate Bonds and the Subordinate Revolving Obligations) have a lien on Subordinate Net Revenues.

⁸ Principal of and interest on the Existing Subordinate Bonds does not reflect the application of PFCs to the payment of debt service on the Subordinate Series 2019A Bonds, the Subordinate Series 2020 Bonds or the Subordinate Series 2021 Bonds. Additionally, includes a portion of the interest on the Subordinate Series 2021A/B Bonds through January 1, 2026 to be paid from a portion of the proceeds of the Senior Series 2025 Bonds.

⁹ Debt Service on the Subordinate Revolving Obligations (which may be outstanding from time to time in an aggregate principal amount of up to \$200 million at any one time) is not reflected in this table.

Source: San Diego County Regional Airport Authority; and Frasca & Associates, LLC (only with respect to debt service on the Senior Series 2025 Bonds).

Future Financings

Following the issuance of the Senior Series 2025 Bonds, the Airport Authority does not expect to issue any Additional Senior Bonds or Additional Subordinate Obligations to fund costs of the New T1. However, following the issuance of the Senior Series 2025 Bonds, the Airport Authority expects to issue approximately \$189.9 million in aggregate principal amount of Additional Senior Bonds and/or Additional Subordinate Obligations between Fiscal Years 2028 and 2030 to finance additional costs of the CIP. The dates of issuance of the Additional Senior Bonds and/or Additional Subordinate Obligations to finance additional costs of the CIP will be dependent on when the Airport Authority needs additional funds to finance the design and construction of such elements of the CIP. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT” and “APPENDIX A—FINANCIAL FEASIBILITY REPORT.” Additionally, the Airport Authority continuously evaluates refunding opportunities and, when economically beneficial, may refund one or more Series of Senior Bonds and/or Subordinate Obligations.

Other Obligations

Lease Commitments.

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

In addition to the General Dynamics Lease and the TDY Lease, the Airport Authority has entered into several other operating leases, including the following:

- The Airport Authority entered into a lease with the Port District, commencing September 1, 2006, for property located at 2415 Winship Lane, known as the "Sky Chef" property. The term of the lease is 60 years with \$350,000 in annual rental.
- The Airport Authority entered into a lease with the federal government, commencing June 1, 2020, for 17.6 acres of property located at Marine Corps Recruit Depot San Diego, California in the immediate vicinity of the airfield. The term of the lease is 18 years with an option to extend for three additional ten-year periods, with the federal government's approval. The annual rental payments are \$400,000 with 2% annual escalation during the lease term. The Airport Authority is using this property within its airfield operations area.
- The Airport Authority entered into a lease with the Port District, commencing June 1, 2021, for property located at 2535 Pacific Highway. The term of the lease is 20 years with \$314,490 in annual rental payments for the first five years with Consumer Price Index adjustments each subsequent 5 year lease period. The Airport Authority is using this property for parking of its shuttle fleet.

- The Airport Authority entered into a lease with the Port District, commencing June 1, 2021, for a parcel of property located on the east side of Harbor Island Drive. The term of the lease is 51 months with \$966,264 in annual rental payments. The Airport Authority is using this property for construction parking. The Airport Authority is currently negotiating with the Port District to return a portion of this parcel and extend the lease on the remaining portion.

- The Airport Authority entered into a lease with the Port District, commencing June 1, 2021, for property located at 3032 North Harbor Drive. The term of the lease is 5 years with an option to extend for two additional one-year periods, with \$406,560 in annual rental payments. The Airport Authority is using this property for temporary construction trailers and parking during construction of the New T1.

- On July 13, 2023, the Board authorized the President and CEO to enter into a lease for 45 years and 4-months with the Port District for approximately 28,519 square feet of land located on North Harbor Drive in support of the on-Airport roadway components of the New T1. Annual rental payments are expected to be \$95,538 for the first five years with Consumer Price Index adjustments each subsequent 5-year lease period.

As of July 1, 2024, the Airport Authority estimated that its future rental commitments under the operating lease agreements described above will be in the amounts described in the following table.

TABLE 4
San Diego County Regional Airport Authority
Future Rental Commitments

Fiscal Year	Rental Payments
2025	\$12,199,516
2026	11,296,394
2027	11,024,701
2028	10,990,820
2029	10,626,099
2030-2034	53,257,638
2035-2039	53,495,072
2040-2044	52,331,996
2045-2049	51,594,347
2050-2054	51,665,451
2055-2059	51,743,667
2060-2064	51,829,703
2065-2069	<u>46,723,377</u>
Total	<u>\$468,778,782¹</u>

¹ Totals may not add due to rounding.

Source: San Diego County Regional Airport Authority

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

Lease payments pursuant to the Airport Authority's operating lease agreements constitute Operation and Maintenance Expenses of the Airport System, and thus payment thereof is senior in priority to payment of the Senior Bonds (including the Senior Series 2025 Bonds) and the Subordinate Obligations.

RDC Installment Purchase Agreement. The Airport Authority and AFCO CRDC SAN LLC (**"AFCO"**) entered into an Installment Purchase Agreement, dated March 15, 2011 (the **"RDC Installment Purchase Agreement"**), pursuant to which AFCO agreed to design, build and finance a receiving and distribution center (**"RDC"**) at SAN, and the Airport Authority agreed to lease the RDC from AFCO for a term of 20 years commencing in November 2012 (the date of completion of the RDC). The RDC is a 21,000 square-foot building that provides a single receiving point for most goods delivered to SAN. Distribution of these goods to various locations at SAN is conducted by a single delivery service provided by Bradford Logistics. Pursuant to the RDC Installment Purchase Agreement, the Airport Authority pays AFCO a monthly installment payment of \$73,108. The installment payments are payable from any legally available moneys of the Airport Authority after the payment of the Operation and Maintenance Expenses of the Airport System, the debt service and reserve fund requirements on the Senior Bonds (including the Senior Series 2025 Bonds) and the Subordinate Obligations, and the required deposits to the Operation and Maintenance Reserve Subaccount and the Renewal and Replacement Subaccount.

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

In February 2014, the Airport Authority issued \$305,285,000 aggregate principal amount of its Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project) Series 2014A and Series 2014B (the **"Series 2014 Special Facilities Bonds"**) to finance a portion of the costs of the development and construction of a consolidated rental car facility (the **"Rental Car Center"**) and related improvements at SAN. As of June 1, 2025, the Series 2014 Special Facilities Bonds were outstanding in the aggregate principal amount of \$261,970,000. The Series 2014 Special Facilities Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of (a) the CFCs collected by the rental car companies operating at SAN, (b) under certain circumstances, **"Bond Funding Supplemental Consideration"** payable by the rental car companies operating at SAN, and (c) certain funds and accounts. *The Series 2014 Special Facility Bonds are not, in any way, secured by, or payable from, Revenues.* See "SAN DIEGO INTERNATIONAL AIRPORT—Existing Facilities" and "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—Rental Car Agreements." Other than the Series 2014 Special Facility Bonds, the Airport Authority has no outstanding Special Facility Obligations.

Senior and Subordinate Repayment Obligations. Under certain circumstances, the obligation of the Airport Authority, pursuant to a written agreement, to reimburse the provider of a Credit Facility or a Liquidity Facility (a “**Repayment Obligation**”) may be secured by a pledge of and lien on Net Revenues on parity with the Senior Bonds (including the Senior Series 2025 Bonds) or secured by a pledge of and lien on the Subordinate Net Revenues on parity with the Subordinate Obligations. If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Senior Bonds, all or a portion of the Airport Authority’s Senior Repayment Obligation may be afforded the status of a Senior Bond under the Senior Indenture. If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Subordinate Obligations, all or a portion of the Airport Authority’s Subordinate Repayment Obligation may be afforded the status of a Subordinate Obligation under the Subordinate Indenture. As of the date of this Official Statement, the Airport Authority has no outstanding Senior Repayment Obligations or Subordinate Repayment Obligations. See “APPENDIX C-2—SUMMARY OF MASTER SENIOR INDENTURE—Senior Repayment Obligations Afforded the Status of Senior Bonds” and “APPENDIX C-3—SUMMARY OF MASTER SUBORDINATE INDENTURE—Subordinate Repayment Obligations Afforded the Status of Subordinate Obligations.”

THE AIRPORT AUTHORITY

General

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

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

Board of Directors

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

The current members of the Board are set forth below.

Board Members	Occupation	Appointing Authority	Current Term Expires
<u>Executive Committee</u>			
Guillermo “Gil” Cabrera (Chair)	Attorney	Mayor, City of San Diego	January 31, 2027
James Sly (Vice Chair)	President/CEO, East County Economic Development Council	Mayors, East County Cities	January 31, 2026
Rafael Perez	Realtor	Chair of the San Diego Board of Supervisors	January 31, 2026
<u>General Members</u>			
Whitney Benzian	Real Estate Agent	Mayors, South County Cities	January 31, 2027
Lidia S. Martinez	Retired	Mayor, City of San Diego	January 31, 2026
Esther Sanchez	Mayor, City of Oceanside	Mayors, North County Coastal Cities	January 31, 2026
Monica Montgomery Steppe	Supervisor, County Board of Supervisors	Chair of the San Diego Board of Supervisors	January 31, 2026
Steve Vaus	Mayor, City of Poway	Mayors, North County Inland	January 31, 2027
Marni von Wilpert	Councilmember, San Diego	Mayor, City of San Diego	January 31, 2028
<u>Ex-Officio Members</u>			
Colonel Erik Hermann	Commander, Marine Corps Air Station Miramar	United States Navy/United States Marine Corps	N/A
Ann Fox	District Director for the California Department of Transportation, San Diego Region	Governor, State of California	N/A
Michele Perrault	Chief Deputy Director of Policy	California Department of Finance	N/A

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

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

Audit Committee. The Audit Committee serves as a guardian of the public trust, acting independently and charged with oversight responsibilities for reviewing the Airport Authority’s internal controls, financial reporting obligations, operating efficiencies, ethical behavior and regular attention to cash flows, capital expenditures, regulatory compliance and operations. In addition to the Board members that serve on the Audit Committee, three members of the public, appointed by the Board, serve on the Audit Committee. The Audit Committee’s responsibilities are as follows: (a) review regularly the Airport Authority’s accounting, audit and performance monitoring processes; (b) at the time of renewal,

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

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

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

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

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

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

Executive Management

Kimberly J. Becker, President and CEO. Kimberly J. Becker was appointed President and CEO of the Airport Authority on May 1, 2017. As President/CEO, Ms. Becker is responsible for the fiscal and operating management and oversight of the Airport Authority and SAN and the Airport Authority's annual operating budget and five-year capital budget. Prior to joining the Airport Authority, Ms. Becker served as Director of Aviation for the Mineta San José International Airport ("**San José International Airport**") from 2013 to 2017. Prior to being appointed the Director of Aviation for San José International Airport, she was appointed the Chief Operating Officer for the San José International Airport in 2011, and the Assistant Director of Aviation at San José International Airport in 2008. Ms. Becker's career in aviation and airport management spans more than 30 years and has included operations and environmental positions at Lockheed Air Terminal in Burbank, California, and Teterboro Airport in New Jersey. Currently, she serves as a board member for the San Diego Chamber of Commerce and the Kyoto Symposium Organization. Ms. Becker is an executive committee member for the San Diego Regional Economic

Development Corporation and Chair of the Global Competitiveness Committee, as well as the Past-Chair of the San Diego Tourism Authority. Ms. Becker is actively engaged with ACI, for which she serves on the Board of Directors and as a U.S. Policy Council member. Additionally, she serves as Chair on ACI's Board for Large Hubs. Ms. Becker is a member of the International Gateway Coalition, a Policy Review Committee Co-Chair of the American Association of Airport Executives, and serves as Secretary on the Board of Directors of California Airports Council. Ms. Becker holds a bachelor's degree in business administration from Indiana University of Pennsylvania, and a master's degree in business administration/aeronautics from Embry-Riddle Aeronautical University, in Daytona Beach, Florida.

Scott M. Brickner, Vice President, Chief Financial Officer. Scott Brickner is the Vice President, Chief Financial Officer of the Airport Authority. As Chief Financial Officer, Mr. Brickner leads the Airport Authority's Accounting, Airline Relations, Business Intelligence, Finance, Risk Management, Information Technology and Procurement functions. Prior to joining the Airport Authority in 2009, he held various senior management positions in the private sector. Mr. Brickner currently serves on the Board of the Mater Day Catholic High School Foundation and the UCSD Newman Center Finance Council, and he previously served on the Finance Steering Committee of ACI as well as the San Diego Chapter of Financial Executives International ("FEI"). Mr. Brickner is a recipient of the San Diego Business Journal's CFO of the Year award for 2023 and 2016. In 2019, he was named ACI's Financial Professional of the Year for large hub airports and was also nominated for FEI's Financial Executive of the Year. Mr. Brickner received a Bachelor of Business Administration from Benedictine College in Kansas, an MBA from St. Louis University, and has an active CPA license in the State of California.

Angela Shafer-Payne, Vice President, Chief Development Officer. Angela Shafer-Payne is the Vice President, Chief Development Officer of the Airport Authority. Ms. Shafer-Payne oversees Planning & Environmental Compliance, Government Relations & Strategy, External Relations, Small Business Development and Airport Design and Construction. She has been with SAN since 1995, during which time she has held various leadership positions, including being the Vice President, Chief Operations Officer prior to her current position. One of Ms. Shafer-Payne's most notable achievements was her instrumental role in establishing and setting up the Airport Authority, effectually separating SAN from its previous owner, the Port District. She has a bachelor's degree in Business Administration with a concentration in Aeronautical Studies and Meteorology from the University of North Dakota. She also holds an Instrument Rated pilot license.

Rick Francis, Vice President, Chief Operations Officer. Rick Francis is the Vice President, Chief Operations Officer of the Airport Authority. He is responsible for setting the strategic direction for airside and terminal operations, aviation security and public safety, operational planning and readiness and facilities maintenance functions at SAN. Mr. Francis joined the Airport Authority in 2022 after spending six years at John Wayne Airport, including the most recent one as Interim Airport Director. As Assistant Director for John Wayne Airport, he was responsible for oversight of the overall operations of the airport including operations, maintenance, business development, finance, government affairs, noise abatement, facilities development, and airport rules and regulations. Mr. Francis spearheaded the development of new concessions, while managing designated lease negotiations, and provided oversight in the preparation of comprehensive financial reports as part of the annual budget. Prior to his work in the airport industry, Mr. Francis served as the Assistant City Manager for the City of Costa Mesa, providing leadership and supervision for the executive management team. In conjunction with the City Manager, he was instrumental in the planning of strategic long-range goals and implementation of departmental programs. Before joining the City of Costa Mesa, Mr. Francis served as Chief of Staff for Orange County Supervisor John Moorlach, whose district included John Wayne Airport, reviewing policy, budget, and development at the airport for the County Supervisor's Office. A 2023 graduate of LEAD San Diego's Influence program, he holds a Bachelor of Arts in Religious Education from the Vanguard University of Southern California and a Master of Arts in Public Administration from American Public University.

Hampton Brown, Vice President, Chief Revenue Officer. Hampton Brown is the Vice President, Chief Revenue Officer of the Airport Authority. Mr. Brown oversees the Terminal Business Development, Landside Business Development, and Customer Experience functions of the Airport Authority. Prior to joining the Airport Authority in 2004, he was in private sector aviation consulting and project logistics planning for the telecommunications industry. He holds a Bachelor of Arts degree from Allegheny College and a master's degree from the University of Maryland. He also attended the Universität Würzburg where he passed the PNdS German proficiency examination. Mr. Brown also has graduated from the joint ACI International Civil Aviation Organization Airport Management Accreditation program.

Lee Parravano, Chief Auditor. Lee Parravano is the Chief Auditor for the Airport Authority. Prior to joining the Airport Authority on April 4, 2018, Mr. Parravano served for five years as the Internal Auditor at the San Diego City Employees' Retirement System, the Airport Authority's pension plan administrator. He also worked as a senior audit manager for 11 years for the accounting, audit, and tax management advisory firm formally known as White Nelson Diehl Evans (now CliftonLarsonAllen). With over 20 years of auditing experience, Mr. Parravano's professional skills include fraud investigations, compliance audits, performance audits, financial audits, consulting, and information technology analysis. He holds a Bachelor of Arts degree with a major in business economics from the University of California Santa Barbara and is a licensed Certified Public Accountant, a Certified Internal Auditor, a Certified Fraud Examiner, and a Chartered Global Management Accountant.

Amy Gonzalez, General Counsel. Amy Gonzalez serves as the General Counsel for the Airport Authority. She has served as an attorney representing the Airport Authority since 2003. Prior to joining the Airport Authority, Ms. Gonzalez served as a Deputy City Attorney for the Department of Airports of the City of Los Angeles, California, operator of Los Angeles International Airport, Van Nuys and Palmdale Regional Airports. She has over 29 years of experience representing public entities, and, for the past 25 years, her practice has specialized in airport matters dealing with aircraft noise, rates and charges, transportation, the environment, eminent domain, contracts, concessions, revenue diversion and real property. Ms. Gonzalez graduated from St. Louis University and received a Juris Doctor from Pepperdine University School of Law. She is an adjunct professor of law at the University of San Diego School of Law.

Employees and Labor Relations

The Airport Authority employs approximately 440 full-time employees. Approximately 120 of these employees (primarily maintenance workers, airport traffic officers and certain supervisors) are members of the Teamsters Local 911 labor union. Labor relations with respect to those 120 employees are governed by three separate labor agreements between the Airport Authority and Teamsters Local 911, which all expire on September 30, 2027.

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

SAN DIEGO INTERNATIONAL AIRPORT

Introduction

SAN is located approximately three miles northwest of downtown San Diego on 661 acres of land. SAN is bounded by San Diego Bay, military facilities and residential areas. Dedicated on August 16, 1928, SAN was originally named "San Diego Municipal Airport—Lindbergh Field." SAN gained international airport status in 1934 when it became the first federally certified airfield to serve all aircraft types, including seaplanes. World War II brought significant change to the airfield when the U.S. Army Air Corps took it

over in 1942 to support the war effort. The infrastructure of SAN was improved to handle the heavy bombers being manufactured in the region during the war. This transformation, including an 8,750-foot runway (now 9,401 feet), made SAN jet-ready long before jet passenger planes came into widespread service.

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

According to ACI statistics, SAN is the busiest single-runway commercial airport in the United States based on passenger levels. SAN is classified by the FAA as a "large air traffic hub" (an airport that enplanes over 1.0% of the total domestic passengers in the United States). As of May 31, 2025, SAN handled air transportation for 19 passenger airlines, serving 85 non-stop destinations. In Fiscal Year 2024, SAN enplaned approximately 12.5 million passengers (which represented an approximately 5.1% increase in enplaned passengers from Fiscal Year 2023). For each of the calendar years ended December 31, 2023 and December 31, 2024, approximately 97.0% of the passengers using SAN were O&D passengers. Over the last five Fiscal Years, on average, approximately 96.7% of all enplanements at SAN have been domestic enplanements. According to ACI statistics, for the calendar year ended December 31, 2023 (the latest available information) SAN was ranked as the 26th busiest airport in the country as measured by total number of enplaned and deplaned passengers.

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

Existing Facilities

Airfield. The existing airfield consists of one east-west runway (Runway 9/27), which is 9,401 feet long and 200 feet wide. Runway 9/27 has sufficient capacity and is of sufficient strength to permit the operation of most existing commercial aircraft, including most large widebody aircraft. However, natural and man-made obstructions, including rising terrain, trees and buildings to the west and east of SAN limit the effective length of the runway for certain aircraft. This limitation reduces range and/or payload capability depending on the aircraft type and the operating rules of a given carrier. Each aircraft is different with respect to, among other things, its empty weight, engine type, thrust variant, desired payload capability, and desired range. For example, the Boeing 787 is not affected by these runway limitations due to improved airfield performance capabilities. Runway 9/27 is equipped with high-intensity runway lighting and supports both precision and non-precision approaches. SAN has a system of taxiways leading to and from the terminal area on the south side of SAN, and to and from the north side of SAN which is used by cargo and general aviation aircraft. See "CERTAIN INVESTMENT CONSIDERATIONS—Restrictions on Airport Facilities and Operations." See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1" for a discussion of the construction of certain airfield projects associated with the New T1 program.

Terminal Facilities. Passenger services at SAN are currently located in two terminals, Terminal 1 and Terminal 2 (consisting of Terminal 2 East and Terminal 2 West). Prior to the start of construction of the New T1 program, Terminals 1 and 2 provided a total of 51 aircraft gates. The existing Terminal 1, the older terminal at the Airport, was opened in 1967 and renovated in 1994 and 1997. Terminal 1 is approximately 336,000 square-feet, and previously provided 19 aircraft gates. In order to accommodate the current phase of construction for the new Terminal 1, five of the 19 gates in the existing Terminal 1 have been permanently closed, leaving 14 gates operational. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1” for a discussion of the complete replacement of Terminal 1 as part of the New T1 program. The new Terminal 1 will contain 30 gates; 11 more gates than the existing Terminal 1. Terminal 2 East was opened in 1979 and is a two-story, approximately 225,700 square-foot facility with 13 aircraft gates. Terminal 2 West was opened in 1998 and expanded in 2013 and is a three-story, approximately 786,600 square-foot facility with 19 aircraft gates.

When Terminal 2 West was expanded in 2013, the contractor for the project utilized a water pipe product known as Aquatherm. After completion of the expansion project, the Airport Authority discovered that the pipes were defective and were failing and did not meet the specifications of the construction contract. The contractor is currently in the process of replacing all of the pipes that were installed as part of the expansion of Terminal 2 West. This project is expected to be completed in August 2026. The contractor is responsible for paying the costs of this replacement project and the Airport Authority is not liable for any of the costs.

Parking Facilities. Approximately 6,400 public parking spaces, operated by the Airport Authority, are currently available at the Airport, including (a) approximately 3,216 parking spaces located in the Terminal 2 Parking Plaza that opened in 2018 and two adjacent surface lots, (b) approximately 2,824 parking spaces located in Phase 1 of the new Terminal 1 parking structure that opened in August 2024, (c) 98 spaces in a free cell phone lot located west of Terminal 2 and (d) 265 parking spaces are available for valet service offered at the Airport with curb-side drop-off in front of Terminals 1 and 2. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1” for a discussion of the construction of the new parking structure that is located adjacent to Terminal 1 as part of the New T1 program. Phase 2 of new Terminal 1 parking structure (which is expected to open in June 2025) will add approximately 2,400 spaces. Upon completion of the New T1, there will be approximately 8,800 public parking spaces, operated by the Airport Authority, available at the Airport. The Airport Authority also operates employee parking lots on Pacific Highway and McCain Road with approximately 1,993 available spaces.

Rental Car Facilities. The on-Airport rental car companies (representing 13 brands) operate from the Rental Car Center that opened in January 2016 and consists of a customer service building, ready/return, “quick turnaround” and staging/storage areas with approximately 5,400 parking spaces, and fueling, car wash and light maintenance facilities. The Rental Car Center is located on approximately 24.8 acres on the north-side of the Airport. A shuttle bus system transports passengers from the terminals to the Rental Car Center. See “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Other Obligations—Special Facility Obligations” and “AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—Rental Car Agreements.”

Cargo Facilities. In July 2021, the Airport Authority opened a new passenger airline belly cargo and provisioning facility consisting of approximately 81,790 square feet of warehouse and office space located on approximately eight acres of land on the south side of the Airport. The Airport Authority signed 5-year leases with Southwest Airlines, United Airlines, American Airlines and Delta Air Lines. The facility is managed by a third party who manages day-to-day operations. International and smaller carriers are required to have arrangements with one of the four primary tenants in order to process cargo through the facility.

Other Facilities. Various other facilities are located at the Airport or on land located near the Airport, including, among others, a control tower, facilities operated by the integrated cargo carriers (i.e., DHL, FedEx and UPS), central utilities plant and fuel facilities. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1” for a discussion of the demolition of the Commuter Terminal in connection with the construction of the new Terminal 1.

Air Carriers Serving SAN

For the twelve months ended May 31, 2025, 19 passenger airlines provided non-stop service from SAN to a total of 75 U.S. cities and 10 international cities, across 6 countries, and 7 air carriers provided scheduled all-cargo service at SAN. The following table sets forth the air carriers serving SAN as of May 31, 2025. Copa Airlines is expected to begin service from SAN to Panama in late June 2025. See “AIRLINE INDUSTRY INFORMATION.”

TABLE 5
San Diego International Airport
Air Carriers Serving San Diego International Airport
(As of May 31, 2025)

U.S. Carriers	Foreign Flag Carriers	All-Cargo Carriers
Alaska Airlines ¹	Air Canada ⁵	21 Air ⁷
Allegiant Air ²	British Airways	ABX
American Airlines	Japan Airlines	Ameriflight
Breeze Airways	KLM Royal Dutch Airlines	Atlas Air
Delta Air Lines ³	Lufthansa	FedEx ⁸
Frontier Airlines	Porter Airlines ⁶	IFL Group ⁹
Hawaiian Airlines	WestJet Airlines	United Parcel Service
JetBlue Airways		
Southwest Airlines		
Spirit Airlines		
Sun Country Airlines		
United Airlines ⁴		

¹ Operated by Alaska Airlines and Horizon Air, separately certificated airlines owned by Alaska Air Group, Inc. (“Alaska Air Group”) and regional affiliate, SkyWest Airlines.

² Allegiant Air is expected to cease operating at SAN as of September 1, 2025.

³ Operated by Delta Air Lines and regional affiliate, SkyWest Airlines.

⁴ Operated by United Airlines and regional affiliate, SkyWest Airlines.

⁵ Operated by affiliate Air Canada Jazz.

⁶ Porter Airlines is expected to cease operating at SAN as of June 25, 2025.

⁷ 21 Air provides service for DHL

⁸ Operated by FedEx and its affiliate West Air.

⁹ IFL Group provides service for FedEx.

Source: San Diego County Regional Airport Authority

Aviation Activity

In Fiscal Year 2024, SAN enplaned approximately 12.5 million passengers (which represented an approximately 5.1% increase in enplaned passengers from Fiscal Year 2023). For each of the calendar years ended December 31, 2024 and December 31, 2023, approximately 97% of the passengers using SAN were O&D passengers. During March 2025, passenger airlines and cargo carriers were operating approximately 276 departures daily at SAN.

The following table sets forth the total domestic and international enplanements and total deplanements at SAN for the last ten Fiscal Years and the first ten months of Fiscal Years 2024 and 2025.

TABLE 6
San Diego International Airport
Total Enplanements and Deplanements

Fiscal Year	Enplanements					Deplanements				
	Domestic Enplanements	Percent of Total	International Enplanements	Percent of Total	Total Enplanements	Percent Change	Total Deplanements	Percent Change	Total Enplanements and Deplanements	Percent Change
2015	9,381,259	96.6%	331,807	3.4%	9,713,066	6.9%	9,696,617	7.0%	19,409,683	7.0%
2016	9,848,924	96.5	357,298	3.5	10,206,222	5.1	10,190,948	5.1	20,397,170	5.1
2017	10,194,718	96.2	401,765	3.8	10,596,483	3.8	10,543,584	3.5	21,140,067	3.6
2018	11,257,939	96.0	473,894	4.0	11,731,833	10.7	11,702,560	11.0	23,434,393	10.9
2019	11,832,512	95.8	523,774	4.2	12,356,286	5.3	12,335,387	5.4	24,691,673	5.4
2020	8,865,028	96.0	370,431	4.0	9,235,459	(25.3)	9,215,140	(25.3)	18,450,599	(25.3)
2021	4,809,965	99.0	50,966	1.0	4,860,931	(47.4)	4,841,626	(47.5)	9,702,557	(47.4)
2022	9,736,802	97.8	216,360	2.1	9,953,162	104.8	9,878,485	104.0	19,831,647	104.4
2023	11,440,757	96.4	426,812	3.6	11,867,569	19.2	11,583,718	17.3	23,451,287	18.3
2024	11,988,077	96.2	479,037	3.8	12,467,114	5.1	12,120,871	4.6	24,587,985	4.9
<u>First Ten Months¹</u>										
2024	9,791,478	96.2%	380,386	3.8%	10,171,864	—	9,899,064	—	20,070,928	—
2025	9,990,216	96.5	404,694	3.5	10,394,910	2.2%	10,292,360	4.0%	20,687,270	3.1%

¹ July 1 through April 30. Results for the first ten months of Fiscal Year 2025 may not be indicative of results for the full Fiscal Year 2025.
Source: San Diego County Regional Airport Authority

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The following table sets forth total revenue operations (landings and takeoffs) for passenger and cargo carriers at SAN for Fiscal Years 2015 through 2024 and the first ten months of Fiscal Years 2024 and 2025.

TABLE 7
San Diego International Airport
Revenue Operations

Fiscal Year	Total Operations¹	Operations Growth
2015	195,268	4.0%
2016	194,151	(0.6)
2017	201,011	3.5
2018	218,671	8.8
2019	227,931	4.2
2020	172,936	(24.1)
2021	109,484	(36.7)
2022	161,932	47.9
2023	191,455	18.2
2024	198,290	3.6
<u>First Ten Months²</u>		
2024	162,990	—
2025	170,394	4.5%

¹ For revenue-related departures and arrivals.

² July 1 through April 30. Results for the first ten months of Fiscal Year 2025 may not be indicative of results for the full Fiscal Year 2025.

Source: San Diego County Regional Airport Authority

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Air Cargo

The following table sets forth information concerning cargo traffic (enplaned and deplaned cargo) over the last ten Fiscal Years and the first ten months of Fiscal Years 2024 and 2025.

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

Fiscal Year	Freight	Annual Percentage Change	U.S. Mail	Annual Percentage Change	Total	Annual Percentage Change
2015	157,229	7.8	21,386	11.8	178,614	8.3
2016	165,046	5.0	20,609	(3.6)	185,656	3.9
2017	166,446	0.8	22,161	7.5	188,606	1.6
2018	167,352	0.5	23,991	8.3	191,343	1.5
2019	162,231 ¹	(3.0)	24,238	1.0	186,469	(2.5)
2020	146,030	(10.0)	8,350 ²	(65.5)	154,380	(17.2)
2021	143,957	(1.4)	N/A ²	N/A	N/A	N/A
2022	143,382	(0.4)	N/A ²	N/A	N/A	N/A
2023	136,237	(5.0)	N/A ²	N/A	N/A	N/A
2024	122,737	(9.9)	N/A ²	N/A	N/A	N/A
<u>First Ten Months³</u>						
2024	101,193	—	N/A ²	N/A	N/A	N/A
2025	97,939	(3.2)	N/A ²	N/A	N/A	N/A

¹ In October 2018, Amazon opened a new “air gateway” near Ontario International Airport. Amazon transports cargo through Ontario International Airport and then uses ground transportation to delivery items into the San Diego area.

² In accordance with new rules imposed by the U.S. Postal Service, as of August 2019, FedEx ceased reporting U.S. Mail tonnage.

³ July 1 through April 30. Results for the first ten months of Fiscal Year 2025 may not be indicative of results for the full Fiscal Year 2025.

Source: San Diego County Regional Airport Authority.

Enplanements by Air Carriers

The following table presents total enplanements for each air carrier serving SAN for the last five Fiscal Years. For Fiscal Year 2024, Southwest accounted for approximately 34% of the enplanements at SAN, 33% of the landed weight at SAN and 16% of the operating revenues of the Airport Authority. Over the past five Fiscal Years, Southwest has enplaned about one-third of the passengers at SAN. Since approximately 97% of the passengers using SAN are O&D passengers (based on calendar year 2024 enplanements), and the Airport Authority relies very little on connecting enplanements, the Airport Authority believes that any reduction in service by Southwest would probably be absorbed by one or more other airlines operating at SAN.

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TABLE 9
San Diego International Airport
Enplanements By Air Carriers
(Ranked on 2024 Results)¹

Air Carrier	Fiscal Year 2020	2020 Percent Share	Fiscal Year 2021	20201 Percent Share	Fiscal Year 2022	2022 Percent Share	Fiscal Year 2023	2023 Percent Share	Fiscal Year 2024	2024 Percent Share
Southwest	3,474,860	37.6%	1,627,594	33.5%	3,393,713	34.1%	4,190,108	35.3%	4,086,618	32.8%
Alaska ²	1,325,147	14.3	806,949	16.6	1,740,532	17.5	1,940,822	16.4	2,024,726	16.2
United ³	1,105,820	12.0	600,216	12.3	1,238,336	12.4	1,458,543	12.3	1,620,694	13.0
Delta ⁴	1,168,462	12.7	567,589	11.7	1,237,530	12.4	1,452,461	12.2	1,590,907	12.8
American ⁵	1,128,443	12.2	767,833	15.8	1,307,253	13.1	1,282,356	10.8	1,469,523	11.8
Frontier	201,280	2.2	180,181	3.7	272,802	2.7	349,379	2.9	449,549	3.6
Spirit	225,279	2.4	111,604	2.3	168,192	1.7	303,804	2.6	323,698	2.6
JetBlue	195,279	2.1	90,332	1.9	249,217	2.5	285,079	2.4	273,590	2.2
Air Canada ⁶	90,425	1.0	0 ⁸	0.0	43,376	0.4	135,080	1.1	150,385	1.2
Hawaiian	102,759	1.1	61,754	1.3	133,525	1.3	148,305	1.2	141,924	1.1
British Airways	57,998	0.6	0 ⁸	0.0	41,417	0.4	91,914	0.8	112,146	0.9
Sun Country	37,073	0.4	23,461	0.5	35,962	0.4	41,618	0.4	47,605	0.4
Lufthansa	34,654	0.4	0 ⁸	0.0	13,695	0.1	47,928	0.4	46,227	0.4
WestJet	28,905	0.3	0 ⁸	0.0	11,836	0.1	32,290	0.3	42,592	0.3
Allegiant	13,162	0.1	22,391	0.5	49,355	0.5	75,959	0.6	40,984	0.3
Japan Airlines	43,596	0.5	1,027	0.0	12,784	0.1	31,380	0.3	32,670	0.3
Breeze	-	-	-	-	-	-	-	-	13,276	0.1
Others ⁷	2,317	<0.1	0	0.0	3,637	<0.1	543	>0.1	-	-
Total Enplanements	9,235,459	100.0%	4,860,931	100.0%	9,953,162	100.0%	11,867,569	100.0%	12,467,114	100.0%

¹ Totals may not add due to rounding.

² Enplanements are for Alaska and Alaska's regional carrier service provided by Horizon and SkyWest.

³ Enplanements are for United and its regional carrier service provided by SkyWest.

⁴ Enplanements are for Delta and its regional carrier service provided by Compass and SkyWest. Compass ceased operating in April 2020.

⁵ Enplanements are for American and its regional carrier service provided by Compass and SkyWest. Compass ceased operating in April 2020.

⁶ Enplanements are for Air Canada Rouge and Jazz Aviation, both affiliates for Air Canada.

⁷ "Others" includes airlines that ceased operating at SAN during the period shown in the table.

⁸ As a result of the COVID-19 pandemic and the resulting travel restrictions to foreign countries, Air Canada, British Airways, Lufthansa and WestJet did not operate from the Airport in Fiscal Year 2021. Air Canada resumed service from the Airport in August 2021, British Airways and WestJet resumed service from the Airport in October 2021, and Lufthansa resumed service from the Airport in April 2022.

Source: San Diego County Regional Airport Authority

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Landed Weight

The following table sets forth the total revenue landed weight for the largest passenger airlines and cargo carriers serving SAN for the last five Fiscal Years, ranked on Fiscal Year 2024 results.

TABLE 10
San Diego International Airport
Total Revenue Landed Weight^{1, 2}
(Ranked on Fiscal Year 2024 Results)
(in thousands of lbs.)

Airline/Cargo Carrier	2020	2021	2022	2023	2024	2024% of Total
Southwest	4,422,096	2,277,011	3,688,292	5,001,008	4,758,859	33.0%
Alaska	1,672,207	1,342,664	1,981,230	2,092,212	2,219,409	15.4
United	1,285,393	770,742	1,321,399	1,513,743	1,754,551	12.2
Delta	1,373,938	1,049,374	1,527,982	1,568,504	1,693,060	11.8
American	1,298,505	917,691	1,238,945	1,317,772	1,498,180	10.4
Frontier	204,924	199,836	264,830	311,884	434,930	3.0
FedEx	401,386	466,734	483,403	412,455	326,819	2.3
Spirit	230,911	125,589	165,464	288,873	319,139	2.2
JetBlue	260,940	171,957	292,311	316,168	313,015	2.2
British Airways	141,615	0 ³	98,141	173,266	207,564	1.4
Hawaiian	155,345	122,574	211,844	209,839	205,340	1.4
Air Canada	100,851	0 ³	54,699	149,232	166,968	1.2
UPS	146,624	138,926	138,064	147,200	139,418	1.0
Lufthansa	72,466	0 ³	24,643	98,117	88,077	0.6
Japan Airlines	104,500	32,680	119,120	82,090	86,260	0.6
Others	<u>122,404</u>	<u>86,798</u>	<u>65,703</u>	<u>73,640</u>	<u>109,586</u>	<u>0.8</u>
Total	<u>12,053,081</u>	<u>7,779,528</u>	<u>11,764,083</u>	<u>13,859,055</u>	<u>14,401,406</u>	<u>100.0%</u>
Annual % Change	(16.8)%	(35.5)%	51.2%	17.8%	3.9%	

¹ Landed weight is the maximum gross certificated landed weight in on-thousand-pound units as stated in the airlines' flight operational manual.

² Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the airport.

³ As a result of the COVID-19 pandemic and the resulting travel restrictions to foreign countries, British Airways, Air Canada and Lufthansa did not operate from the Airport in Fiscal Year 2021. British Airways resumed service from the Airport in October 2021, Air Canada resumed service from the Airport in August 2021, and Lufthansa resumed service from the Airport in April 2022.

Source: San Diego County Regional Airport Authority

Emergency Preparedness

The Airport Authority has an approved Airport Emergency Plan ("AEP") as required under FAA regulations. The AEP addresses essential emergency-related and deliberate actions planned to ensure the safety of and emergency services of the populace of SAN and the surrounding communities. The AEP is reviewed with stakeholders on a regular basis and exercises (i.e. tabletop or full-scale field) are conducted annually to test the readiness of the plan.

The Airport Authority also has prepared a Business Continuity Plan ("BCP") to assist the organization in managing (a) minor events – business disruptions impacting a single Airport Authority function/department, (b) moderate events – business disruptions impacting multiple Airport Authority functions/department, and (c) major events – business disruptions impacting the entire Airport Authority/SAN. The plan contains information on emergency contact details, strategies to mitigate impact,

procedures to be implemented and communication processes to be followed in response to business disruptions. The BCP is to be initiated at the outset of a disruptive event and includes operating SAN during the emergency situation and business recovery steps to return the operation back over to regular management after the BCP leader deems the recovery to be complete.

All employees of the Airport Authority are responsible for maintaining the continuous operation of the organization in the event of a disaster. While the BCP does not include recovery activities that are part of the AEP, it is the intent of management that both plans work in tandem with each other during an emergency incident. The BCP is reviewed with the various department of the Airport Authority on a regular basis and tabletop exercises are conducted annually to test the readiness of the plan.

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

AGREEMENTS FOR THE USE OF AIRPORT FACILITIES

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

Agreements with Passenger Airlines and All-Cargo Carriers

Airline Lease Agreements. The Airport Authority has entered into separate, but substantially similar, Airline Operating and Lease Agreements, as amended (the “**Airline Lease Agreements**”) with 14 passenger airlines operating at SAN (the “**Signatory Passenger Airlines**”) and three all-cargo carriers (the “**Signatory Cargo Carriers**,” and together with the Signatory Passenger Airlines, the “**Signatory Airlines**”). The Signatory Passenger Airlines are currently Air Canada, Alaska, American, British Airways, Delta, Frontier, Hawaiian, Japan Airlines, JetBlue, Southwest, Spirit, Sun Country, United and WestJet. During Fiscal Year 2024, the Signatory Airlines enplaned approximately 99.3% of the passengers at the Airport. The Signatory Cargo Carriers are currently Atlas, FedEx and UPS. The Airline Lease Agreements cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SAN. The Airline Lease Agreements have a term that commenced on July 1, 2019 and terminates on June 30, 2029, unless terminated earlier pursuant to their terms.

Under the Airline Lease Agreements, the Signatory Passenger Airline operating in Terminal 1 East (Southwest) has exclusive rights to use the “Exclusive Use Premises” which consist of ticket counters, free-standing self-service kiosks, skycab podiums, curbside positions, and associated passenger queuing areas (on a transitional basis until the new Terminal 1 facilities are constructed), ticket and baggage service offices and operational support areas. Under the Airline Lease Agreements, the Signatory Passenger Airlines operating in Terminal 1 West (Frontier, Spirit and Sun Country) and Terminal 2 (Air Canada, Alaska, American, British Airways, Delta, Hawaiian, Japan Airlines, JetBlue, United and Westjet) operate under “Common Use Premises” for ticket counters, free-standing self-service kiosks, skycab podiums, curbside positions and queuing areas, and “Exclusive Use Premises” for ticket and baggage offices and operation support offices. When Phase 1A of the new Terminal 1 opens in September 2025, Southwest, Frontier, Sun Country, Spirit, JetBlue and Breeze will operate out of the new terminal. In early 2026, Air

Canada and WestJet will move to the new Terminal 1, and in 2028 when Phase 1B of the new Terminal 1 opens, Delta will move to the new terminal. When Southwest moves to the new Terminal 1, it will operate under Common Use Premises. The Signatory Passenger Airlines in both Terminals 1 and 2 also receive the nonexclusive right to use “Joint-Use Premises,” which include passenger hold rooms, passenger screening, baggage claim areas, passenger loading bridges, baggage handling systems, and information displays and paging; “Public Areas,” which include sidewalks, concourses, corridors, lobbies, passageways, restrooms, elevators, escalators and other similar space made available by the Airport Authority from time to time; and “Airfield Areas,” which include (1) facilities, equipment, improvements, runways, taxiways, and control towers, for the purpose of controlling or assisting arrivals, departures and operations of aircraft, (2) all airline apron areas not leased exclusively, including without limitation Aircraft Parking Positions (3) other airport-related facilities operated and maintained by the FAA or any other federal agency, (4) security fences and service roads located on the Airport and related to the rest of the Airfield Area, (5) signals, beacons, wind indicators, flood lights, landing lights, boundary lights, construction lights, radio and electronic aids or other aids to operations, navigation or ground control of aircraft whether or not of a type herein mentioned and even though located away from but related to the rest of the Airfield Area, (6) aircraft rescue and fire-fighting services, (7) aircraft fueling systems, and (8) noise monitoring/mitigation program costs.

Pursuant to the Airline Lease Agreements, the landing fees at SAN are calculated based on a residual rate-setting methodology and the terminal rental rates at SAN are calculated based on a compensatory rate-setting methodology. Each Signatory Airline is required to pay landing fees on a monthly basis equal to the landed weight of each such Signatory Airline’s planes which landed at SAN for such month multiplied by the landing fee rate. The landing fee rate is set at the beginning of each Fiscal Year by first determining the airfield area requirement. The airfield area requirement is calculated as: (a) the sum of Operation and Maintenance Expenses of the Airport System, annual net debt service, amortization charges, reserve deposits, coverage charges (if necessary), Major Maintenance Fund deposits and bad debt expenses attributable or allocable to the airfield, and fuel system costs; minus (b) the sum of fuel flowage fee revenue, fingerprinting revenue, ground handling concession revenue, 70% of inflight catering revenue and any federal, State or local grants that are attributable or allocable to the airfield. The landing fee rate is then calculated by subtracting the sum of non-signatory landing fees, aircraft parking position rentals, aircraft parking position turn fees and aircraft parking position overnight fees from the airfield area requirement and then dividing such result by the cumulative maximum gross landed weight of the Signatory Airlines for the Fiscal Year.

Each Signatory Passenger Airline is required to pay terminal rentals on a monthly basis equal to the total area of the terminals allocable to each such Signatory Passenger Airline multiplied by the terminal rental rate. The terminal rental rate is set at the beginning of each Fiscal Year by first determining the base terminal area rental rate and the supplemental terminal rental rate. The base terminal area rental rate is calculated as: (a) the sum of Operation and Maintenance Expenses of the Airport System, annual net debt service, amortization charges and reserve deposits attributable or allocable to the terminal, minus (b) Federal Inspection Services (“FIS”) fee revenues and any federal, State or local grants received to offset Operation and Maintenance Expenses of the Airport System, annual net debt service or reserve deposits attributable or allocable to the terminal, divided by (c) the total square footage of leasable space in the terminal. The supplemental terminal rental rate is calculated as (i) the sum of coverage charges (if necessary), Major Maintenance Fund deposits and bad debt expenses attributable or allocable to the terminal, divided by (ii) the square footage of space leased by the airlines in the terminal. The base terminal area rental rate and the supplemental terminal rental rate are then added together to calculate the terminal rental rate.

Pursuant to the Airline Lease Agreements, in addition to landing fees and terminal rentals, the Signatory Passenger Airlines are required to pay other fees and charges, including among others, aircraft

parking position fees, aircraft parking position turn fees, aircraft parking position overnight fees, joint use fees and common use fees. As part of the landing fee rate and the terminal rental rate, the Signatory Airlines have agreed to pay coverage charges which are equal to the sum of (a) 140% of the debt service on the Senior Bonds, the Subordinate Obligations and any other indebtedness of the Airport Authority, plus (b) the Operation and Maintenance Expenses of the Airport System, minus (c) Revenues, PFCs and Federal Direct Payments used to pay debt service on the Senior Bonds, the Subordinate Obligations and any other indebtedness of the Airport Authority. If the calculation of coverage charges results in a negative amount, no coverage charges are imposed by the Airport Authority.

Pursuant to the Airline Lease Agreements, for each Fiscal Year, the Airport Authority is required to develop budgeted landing fee rates, terminal rental rates, aircraft parking position rentals and fees, joint use fees, and common use fees. Before formally adopting the budget, and any resulting rental, fees, or charges, the Airport Authority must consult with the Signatory Airlines and consider their comments regarding the budget and the calculation of the estimated rents, fees, and charges. Pursuant to the Airline Lease Agreements, the Airport Authority will review the rents, fees, and charges at least once during the Fiscal Year. If during any review the Airport Authority finds that the estimated rents, fees, and charges vary by more than 5% from those originally budgeted or previously estimated by the Airport Authority, the Airport Authority may, after consultation with the Signatory Airlines, adjust the rents, fees, and charges.

Within six months after the close of each Fiscal Year, the Airport Authority will calculate the final rent, fees and charges based on actual results for the Fiscal Year. Any difference between the budgeted rents, fees, and charges paid by the Signatory Airlines and the actual rents, fees, and charges chargeable to the Signatory Airlines based on actual results shall be either refunded by the Airport Authority or the Signatory Airlines shall pay the Airport Authority the difference. If the actual rents, fees and charges paid by a Signatory Airline in a Fiscal Year are less than \$500,000 (for a Signatory Passenger Airline) or \$250,000 (for a Signatory Cargo Airline), such Signatory Airline will be required to make a supplemental payment to the Airport Authority so that total payments for the Fiscal Year are at least \$500,000 (for a Signatory Passenger Airline) or \$250,000 (for a Signatory Cargo Airline). Any amount due the Signatory Airlines as a result of such final accounting will be paid in the form of a cash payment to the Signatory Airlines in the next ensuing month. Any amount due the Airport Authority as a result of such final accounting will be invoiced to the Signatory Airlines and due and payable within 30 days of the invoice.

Except as described below with respect to Off-Airport Public Transportation Projects, the Airline Lease Agreements do not require the Airport Authority to receive the approval of the Signatory Airlines for the construction of the projects included in the Master Plan, the CIP or the New T1. Under the Airline Lease Agreements, the Signatory Airlines have agreed that the Airport Authority can fund one or more Off-Airport Public Transportation Projects that are approved by the FAA. See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT—Certain Definitions” for the definition of Off-Airport Public Transportation Projects. The Signatory Airlines have agreed to \$75 million in funding of Off-Airport Public Transportation Projects with no contribution from other agencies, an additional \$125 million with an additional \$200 million in legally binding commitments from third parties, and an additional \$150 million with an additional \$150 million in legally binding commitments from third parties. The aggregate Airport Authority contribution cannot exceed \$350 million without Signatory Airline approval.

In accordance with the Airline Lease Agreement, the Airport Authority has established the Major Maintenance Fund to fund capital projects in the airfield area, the terminal area, for common use systems and airline terminal support costs centers and capital projects in indirect cost centers to the extent allocable to the airfield area, the terminal area, for common use systems and for airline terminal support cost centers. Each Fiscal Year, the Airport Authority had agreed to deposit \$40 million into the Major Maintenance Fund from the following revenue sources: \$15 million from the airfield area; \$15 million from the terminal area;

and \$10 million from non-airline revenues. However, in order to mitigate the effects of the required funding of the Major Maintenance Fund on airline rates, the Airport Authority and the Signatory Airlines agreed to amend the Airline Lease Agreement. The amended requirement for the funding of the Major Maintenance Fund under the Airline Lease Agreement provides as follows:

- For Fiscal Year 2020, the Airport Authority deposited \$30,000,000 into the Major Maintenance Fund and allocated the costs of the deposit to the following cost centers: \$10,000,000 to the airfield cost center; \$10,000,000 to the terminal cost center; and \$10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.
- For Fiscal Year 2021, the Airport Authority deposited \$10,000,000 into the Major Maintenance Fund and allocated the costs of the deposit to the following cost centers: \$10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.
- For Fiscal Year 2022, the Airport Authority deposited \$10,000,000 into the Major Maintenance Fund and allocated the costs of the deposit to the following cost centers: \$10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.
- Beginning in Fiscal Year 2023 and continuing through Fiscal Year 2029, the Airport Authority deposited and will deposit \$50,000,000 into the Major Maintenance Fund and allocate the costs of the deposits to the following cost centers: \$20,000,000 to the airfield cost center; \$20,000,000 to the terminal cost center; and \$10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.

See “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT” for a more detailed description of certain terms of the Airline Lease Agreements.

Affiliate Airline Operating Agreements. In an effort to better match capacity with demand in some markets, certain Signatory Passenger Airlines have entered into agreements with affiliated airlines to operate smaller aircraft on behalf of those Signatory Passenger Airlines. “**Affiliate Airlines**” are airlines that (a) have been designated by a Signatory Passenger Airline to operate at SAN as its Affiliate, (b) have executed an Affiliate Airline Operating Agreement with the Airport Authority and the Signatory Passenger Airline, (c) fly in or out of the Airport solely for the benefit of a Signatory Airline and provide transportation of property or passengers for the Signatory Airline under the name of the Signatory Airline, (d) if flying under its own name, not selling any seats in its own name and all seats are being sold in the name of the Signatory Airline or (e) a wholly-owned subsidiary of the Signatory Airline or a subsidiary of the same corporate parent as the Signatory Airline. Generally, the same rates, fees and charges applicable to the Signatory Passenger Airline’s operations at SAN also apply to the Affiliate Airline’s operations at SAN. In the event an Affiliate Airline fails to pay fees and charges to the Airport Authority, the applicable Signatory Passenger Airline is responsible for the fees and charges billed to its Affiliate Airline. The following table sets forth the Affiliate Airlines currently operating at the Airport and their affiliated Signatory Airlines.

TABLE 11
San Diego International Airport
Signatory Airlines and Their Affiliate Airlines

Signatory Airline	Affiliate Airline
Air Canada	Jazz Aviation
Alaska Airlines	Horizon Air
Alaska Airlines	SkyWest Airlines
Delta Air Lines	SkyWest Airlines
United Airlines	SkyWest Airlines
FedEx	West Air

Source: San Diego County Regional Airport Authority

Non-Signatory Airline Operating Agreements. Except as described below, passenger airlines and cargo carriers operating at SAN that are not a party to an Airline Lease Agreement or an Affiliate Airline Operating Agreement (the “**Non-Signatory Airlines**”), operate at the Airport pursuant to a Non-Signatory Airline Operating Agreement. The Non-Signatory Airlines are currently 21 Air, ABX, Allegiant, Ameriflight, Breeze, IFL Group, KLM Royal Dutch, Lufthansa, and Porter Airlines. Copa Airlines, which is expected to begin service from SAN to Panama in late June 2025, also will be a Non-Signatory Airline. The terms of the Non-Signatory Airline Operating Agreements are generally the same as the terms of the Airline Lease Agreements, except that the landing fees and terminal rentals paid by the Non-Signatory Airlines are higher than the fees and rates paid by the Signatory Airlines under the Airline Lease Agreements (20% higher), except for FIS fees.

See “FINANCIAL INFORMATION—Summary of Financial Results” for information with respect to aviation revenues collected by the Airport Authority in Fiscal Year 2024.

Parking Agreement

The Airport Authority has entered into an agreement with SP Plus Corporation (“**SP Plus**”) for the management of the parking facilities at SAN. The term of the agreement with SP Plus is from July 1, 2024 through June 30, 2027, with 2 one-year options to extend the agreement solely at the Airport Authority’s discretion. The agreement requires SP Plus to remit the gross revenues from the parking facilities it operates, on a daily basis, to the Airport Authority. As compensation for SP Plus’s performance under the agreement, the Airport Authority pays SP Plus a fixed annual management fee and reimburses SP Plus for expenses incurred in the management and operation of the parking facilities.

The Airport Authority sets rates for parking in the Airport Authority’s public parking lots and can modify those rates at any time at its discretion. For Fiscal Year 2025, parking rates are \$2.50 for the first 15 minutes and a maximum of \$38 for the first day, with every additional day being \$38 per day. Beginning in March 2023, the Airport Authority began a dynamic pricing strategy where reservation rates have a range of discounts based on various factors that include, the time of year, arrival day, percentage occupancy and length of stay.

Valet parking rates are \$60 per day. Customers who reserve parking in advance of arriving at SAN might pay a discounted rate for valet parking based upon the time of year, arrival day, percentage occupancy and length of stay. Public parking accounted for approximately \$50.8 million of operating revenues in Fiscal Year 2024, equal to approximately 12.7% of operating revenues or approximately 24.7% of non-airline revenues. Public parking accounted for approximately \$46.3 million of operating revenues in Fiscal

Year 2023, equal to approximately 12.8% of operating revenues or approximately 27.5% of non-airline revenues.

Rental Car Agreements

As of April 1, 2025, there were six rental car companies (operating a total of 13 brands) authorized by the Airport Authority to provide rental car services at SAN. Most of the major national brands are represented at SAN (Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Payless, Sixt, Thrifty and ZipCar, as well as local brand U-Save). Twelve of the brands lease space within and operate from the Rental Car Center (the “**On-Airport Rental Car Companies**”). U-Save operates off-Airport by shuttling passengers between the Rental Car Center and its off-Airport facilities (the “**Off-Airport Rental Car Companies**”). All rental car companies operating at the Airport must use the busing system to transport passengers to the terminals.

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

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

Pursuant to Section 1936 of the California Civil Code (which was subsequently repealed and replaced with Section 50474.1 et seq. of the California Government Code), on October 4, 2012, the Board authorized the following CFC collection rates on rental cars rented from the rental car companies operating at SAN: \$6.00 per transaction day, effective November 1, 2012; \$7.50 per transaction day, effective January 1, 2014; and \$9.00 per transaction day, effective January 1, 2017 (each such rate limited to 5 transaction days per transaction). The CFC is collected by the rental car companies from their customers and subsequently transferred to the Airport Authority (or the trustee for the Series 2014 Special Facilities Bonds). The CFC revenues were used and are being used to pay the debt service on the Series 2014 Special Facilities Bonds, to fund certain funds and accounts associated with the Series 2014 Special Facilities Bonds and the costs of the operation and maintenance of the Rental Car Center, and to provide for the busing system between the terminals and the Rental Car Center. CFC revenues are not included in Revenues and

are not available for the payment of debt service on the Senior Bonds or the Subordinate Obligations (including the Senior Series 2025 Bonds).

In Fiscal Year 2023, the Airport Authority received approximately \$43.1 million in payments (not including CFCs) from the On-Airport Rental Car Companies and Off-Airport Rental Car Companies, and recorded the receipt of approximately \$34.4 million of CFC revenues. In Fiscal Year 2024, the Airport Authority received approximately \$41.7 million in payments (not including CFCs) from the On-Airport Rental Car Companies and Off-Airport Rental Car Companies, and recorded the receipt of approximately \$35.9 million of CFC revenues. The CFC revenues are not pledged to or available to pay the Senior Series 2025 Bonds. The CFC revenues are pledged to and are used to pay the Series 2014 Special Facilities Bonds and other costs related to the Rental Car Center.

TNC Permits

Transportation Network Companies (i.e., Uber, Lyft and similar companies) (“TNCs”) are allowed to pick-up and drop-off passengers at the Airport only if they have entered into a “Non-Exclusive Permit and Agreement to Use Airport Property to Conduct TNC Services at San Diego International Airport (a “**TNC Permit**”) with the Airport Authority. The TNC Permits allow each TNC’s approved drivers’ access to designated Airport property in connection with the provision of transportation services for airport customers, employees, and passengers with their personal baggage. Subject to the terms of the TNC Permits, TNCs are required (except in limited circumstances) to drop-off passengers only in designated areas in front of Terminals 1 and 2, and are otherwise only allowed to use Airport property within the designated TNC airport assignment area and designated TNC staging areas at the Airport. The TNC Permits have a term of three years, unless suspended, revoked or terminated sooner in accordance with the terms of the TNC Permit. Each TNC Permit must be renewed every three years. The current TNC Permits expire on June 30, 2025. The Airport Authority and the TNCs are currently negotiating the terms of a new 3-year TNC Permit. Pursuant to the TNC Permits, for Fiscal Year 2025, TNCs are required to pay \$4.25 for each pick-up and for each drop-off, and for Fiscal Year 2026, TNCs will be required to pay \$4.50 for each pick-up and each drop-off. The Airport Authority has the discretion to change the pick-up and drop-off fees each Fiscal Year. In Fiscal Year 2024, TNCs recorded approximately 2.3 million Airport pick-ups and approximately 2.5 million Airport drop-offs resulting in \$19.4 million in fee revenue for the Airport Authority (pick-up and drop-off fees were each \$4.00 during Fiscal Year 2024). In Fiscal Year 2023, TNCs recorded approximately 2.1 million Airport pick-ups and approximately 2.3 million Airport drop-offs resulting in \$16.6 million in fee revenue for the Airport Authority (pick-up and drop-off fees were each \$3.75 during Fiscal Year 2023). See “AIRPORT ENVIRONMENTAL MATTERS—Air Quality and Carbon Management Planning—TNC GHG Emissions Reduction Program.”

Terminal Concessions, Advertising and Other Agreements

In 2015, the Airport Authority completed its previous concession development program, which involved a complete revamp of the shopping and dining options in the passenger terminals. As of June 30, 2024, there were 62 food and beverage and retail locations open in Terminals 1 and 2. All of the Airport Authority’s concessions leases in Terminals 1 and 2 are in holdover status.

In June 2023, the Airport Authority completed its solicitation of new concessions for the new Terminal 1. Phase 1A of the new Terminal 1 restaurant and retail program is on track to open in September 2025. The new concessions will include 12 restaurants in more than 20,000 square feet of space and four retail concepts in more than 10,000 square feet of space. This represents more than a 20% increase in square footage as compared to the current Terminal 1, which includes approximately 13,000 square feet of food and beverage and retail post-security space. Phase 1B of the new Terminal 1, expected to open in early 2028, will include an additional 19,000 square feet of concession space with 13 restaurants and stores.

The combination of sufficient capacity and appealing brand offerings is expected to bring Terminal 1 spending per passenger in line with levels in Terminal 2. The duration of the lease agreements with the new concessionaires in Terminal 1 is 15 years for food and beverage and twelve years for retail. The new leases will provide for rental payments equal to the greater of a minimum annual guarantee (“**MAG**”) or a percentage of gross income. The MAG will be set at 85% of the previous year’s total rent paid after the first full year of operation.

In 2024, the Airport Authority completed a study of the performance of the Terminal 2 West concessions since the inception of that program more than ten years ago. Based on the results of this study, the Airport Authority plans to make significant improvements in the overall square footage allocations and space use by category in Terminal 2. In order to accomplish these improvements, some modifications to Terminal 2 have been identified for completion in 2026. Concurrently, the Airport Authority expects to begin solicitations for new restaurant and retail concessionaires for Terminal 2 in a phased approach during calendar year 2025. The Terminal 2 leases provide for rental payments equal to a greater of a MAG or a percentage of revenue.

In 2018, the Airport Authority entered into an in-terminal advertising lease with Clear Channel. In 2024, the Airport Authority re-negotiated its advertising lease with Clear Channel. The restated lease agreement improved the Airport Authority’s revenue share for advertising, and secured significant new capital investment in new Terminal 1 and extended the lease through 2032.

Demand for premium lounge offerings in airports continues to grow. In 2024, a new Chase Sapphire Lounge opened in Terminal 2 West under a 10-year lease agreement. In accordance with the agreement, the Airport Authority will receive a minimum of \$19 million in revenue over the 10-year agreement. In early 2025, another premium lounge, Escape Lounge, initiated design for anticipated opening in the new Terminal 1 in early 2027. The Airport Authority awarded the lease for this lounge to CAVU, a subsidiary of Manchester Airport Group, as part of a competitive request for proposal process in late 2024.

Since its start at SAN in 2022, the premium checkpoint program CLEAR, which grants subscribing customers expedited security screening, has grown in popularity. In Fiscal Year 2024 the Airport Authority received more than \$800,000 from its agreement with CLEAR. With the expansion of the program to the new Terminal 1, the Airport Authority is negotiating a new agreement with CLEAR to extend the program for an additional five years, through 2030.

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The following table summarizes the gross sales for the terminal concessions and the operating revenues collected by the Airport Authority from the terminal concessions for Fiscal Years 2022, 2023 and 2024.

TABLE 12
San Diego County Regional Airport Authority
Terminal Concessions Gross Sales and Airport Authority Operating Revenues

Concession	Fiscal Year 2022 ^{1, 2}		Fiscal Year 2023 ¹		Fiscal Year 2024 ¹	
	Gross Concession Sales	Airport Authority Operating Revenues	Gross Concession Sales	Airport Authority Operating Revenues	Gross Concession Sales	Airport Authority Operating Revenues
Food & Beverage	\$76,456,934	\$11,099,280	\$99,509,669	\$14,409,645	\$108,267,228	\$15,644,953
Retail	42,194,788	6,704,143	51,274,430	8,621,769	56,746,688	8,824,787
Advertising	3,482,817	1,508,702	2,822,656	2,028,114	5,100,999	3,277,388
Other	5,195,872	2,839,034	10,098,959	2,086,319	9,983,845	2,369,631
Total	<u>\$127,330,411</u>	<u>\$22,151,159</u>	<u>\$163,705,714</u>	<u>\$27,145,847</u>	<u>\$180,098,760</u>	<u>\$30,116,759</u>

¹ Governmental Accounting Standards Board – Statement No. 87 – Leases (“**GASB 87**”) adjustments are excluded from operating revenues.

² Fiscal Year 2022 excludes credits provided to concession operators relating to COVID-19 pandemic relief under the terms of the American Rescue Plan Act.

Source: San Diego County Regional Airport Authority.

FINANCIAL INFORMATION

Summary of Financial Operations

Budgeting Process. The Airport Authority operates on a July 1 through June 30 Fiscal Year. The annual budget cycle includes the preparation of two budgets: one to be adopted by the Board for the next Fiscal Year and a conceptual budget for the subsequent Fiscal Year that the Board approves but does not adopt. The budget process usually begins in October, with senior management collaborating with the Board to review the Airport Authority’s strategic plan progress, discuss strategy and policy, and update initiatives to drive business and operational performance. From October to January, the management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional requirements and action plans with strategic plan initiatives. The Board is consulted frequently to solicit input and direction throughout the process. As appropriate, strategic planning workshops and detailed briefings on the proposed operating and capital program budgets are held with the Board.

In January, the budget staff reviews financial results for the first six months of the Fiscal Year. In February and March, departments submit budget requests reflecting the needs to execute strategic plan initiatives. Meetings are held with each division to review their budget requests and weigh the cost/benefit impact, where appropriate.

This revenue budget has two distinct parts, airline revenue and non-airline revenue. In building these two sections, Finance staff first builds a forecast of the enplanements and landed weight in partnership with air service development. These forecasts are a key component in the rest of the revenue streams. In addition, Finance staff review the current revenue trends and partners with the revenue generation department on future trends in non-airline revenue. Finally, the expense budget, amortization, and debt service allocations are inputted into the Airline rates and charges model to create the airline revenue. After

completing this process, the finance staff checks to ensure that the total budget is adequate to maintain a strong financial position.

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

On June 5, 2025, the Board adopted the budget for Fiscal Year 2026 and approved, in concept, the budget for Fiscal Year 2027. The conceptual budget for Fiscal Year 2027 approved by the Board will be brought back to the Board in 2026 for review, any needed revisions and final adoption.

In 2024, the Airport Authority received its 18th consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada (“GFOA”) for its annual budget for Fiscal Year 2024.

Fiscal Year 2026 Budget. Budgeted operating and non-operating revenues for Fiscal Year 2026 are \$742.9 million, an increase of \$59.3 million (or 8.7%) over Fiscal Year 2025 budgeted operating and non-operating revenues. This increase is primarily attributed to increases in airline revenue (\$35.1 million), due to recovery of increased operating expenses and debt service related to the New T1, and non-airline revenues (\$12.7 million) including terminal concessions and parking. There are also budgeted increases in non-operating revenue from capital grant contributions (\$10.6 million), and interest income (\$3.5 million) on projected higher cash balances. Budgeted expenses for Fiscal Year 2026 are \$530.5 million, an increase of \$61.5 million, or 13.1%, over Fiscal Year 2025 budgeted expenses. This increase is primarily attributable to increases in debt service (a \$40.0 million increase relating to debt for the New T1), increases related to new headcounts and other operating expenses related to the New T1, as well as other contractual and operational increases. The Fiscal Year 2026 budget assumes 12.9 million enplaned passengers, as compared to 12.5 million enplaned passengers in the Fiscal Year 2025 budget (a 3.2% increase).

Conceptual Fiscal Year 2027 Budget. Budgeted operating and non-operating revenues for Fiscal Year 2027 are \$728.3 million, a decrease of \$14.7 million or 2.0% over Fiscal Year 2025 budgeted operating and non-operating revenues. This decrease is primarily attributed to decreased interest income as bond project funds are drawn down and lower capital grant contributions due to the timing of construction spending. Budgeted expenses for Fiscal Year 2027 are projected to be \$548.8 million, an increase of \$18.4 million, or 3.5%, over Fiscal Year 2026 budgeted expenses. This increase is primarily attributable to increases in debt service, personnel costs, safety and security costs and utilities. The Fiscal Year 2027 budget assumes 13.1 million enplaned passengers, a 1.6% increase over Fiscal Year 2026 budgeted enplanements.

Internal Controls. The Airport Authority’s Vice President, Chief Financial Officer establishes a system of internal controls that provides reasonable assurance regarding the achievement of objectives in the following categories: safeguarding assets; ensuring validity of financial records and reports; promoting adherence to policies, procedures, regulations and laws; and promoting effectiveness and efficiency of operations. A Chief Auditor heads the internal audit department that conducts financial reviews and audits on a periodic basis, and reports directly to the Board. In addition, the Airport Authority has external auditors who review the annual financial statements of the Airport Authority and express an opinion that the contents present fairly, in all material respects, the financial condition of the Airport Authority.

Debt Issuance and Management Policy. The Airport Authority has established a formal debt issuance and management policy (the “**Debt Policy**”) that was last reviewed by the Board in June 2025. The Debt Policy contains the policies of the Airport Authority that govern its existing and anticipated debt obligations. The Debt Policy contains, among other things, several goals and targets with respect to the

Airport Authority's outstanding debt coverage ratios, airline costs per enplaned passenger, leverage ratios and available liquidity. The Debt Policy includes: (a) a debt service coverage target (Net Revenues (which, for purposes of the Debt Policy, includes PFCs used to pay debt service and the Federal Direct Payments) divided by annual debt service) of 1.40 times for combined debt service on Senior Bonds and Subordinate Obligations; (b) a target of unrestricted reserves of 600 days of budgeted operating and maintenance expenses for the current fiscal year; (c) a debt per enplanement target range of \$300 to \$400; and (d) a Net Debt to Cash Flow Available to Debt Service ("CFADS") target range of 8x to 11x. Net Debt to CFADS is the ratio of gross debt (including long-term capital leases) less unrestricted cash balances and debt service reserve funds divided by CFADS (which includes Net Revenues, Capitalized Interest and PFCs available for debt service). The Debt Policy is only the internal goals and targets of the Airport Authority. A failure of the Airport Authority to meet any of these goals and targets are not Events of Default under the Master Senior Indenture or the Subordinate Indenture.

Investment Practices. It is the policy of the Airport 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 Airport Authority. The investment policies and practices of the Airport Authority are based upon prudent money management and conform to all state and local statutes governing the investment of public funds. The Airport Authority is authorized by California Government Code Section 53600 *et seq.* and Section 53630 *et seq.* to invest in investments listed therein. Prohibited investments include but are not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages and common stock. Investments that exceed five years to maturity require authorization by the Board at least 30 days prior to purchase. The policy was last reviewed by the Board in June 2025.

The following table sets forth a summary of the Airport Authority's investments as of March 31, 2025:

TABLE 13
San Diego County Regional Airport Authority
Investments
(As of March 31, 2025)

Security Type	Market Value as of March 31, 2025	Percentage of Portfolio
U.S. Treasuries	\$401,345,409	41.5%
Medium Term Notes	154,658,783	16.0
U.S. Agency Securities	151,581,546	15.7
Local Area Investment Fund (LAIF)	69,321,649	7.2
San Diego County Investment Pool	48,246,253	5.0
Collateralized Mortgage Obligations	47,891,067	5.0
Cal Trust	44,659,004	4.6
Supranationals	24,379,967	2.5
Collateralized Bank Demand Deposits	13,482,223	1.4
Municipal Bonds	10,171,090	1.1
Money Market Fund	<u>423,297</u>	<u>0.1</u>
Total	<u>\$966,160,288</u>	<u>100.0%</u>

Source: San Diego County Regional Airport Authority March 31, 2025 Investment Report. Based on unaudited financials.

Derivatives Policy. In September 2007, the Board adopted a derivatives policy which provides guidelines to be used by the Airport Authority when entering into derivative financial products, including,

but not limited to, interest rate swaps, interest rate caps and rate locks. As of the date of this Official Statement, the Airport Authority has not entered into any contracts for derivative financial products.

Summary of Financial Results

Financial Results for Fiscal Years 2020 through 2024. The following table summarizes the financial results from operations for the Airport Authority for Fiscal Years 2020 through 2024. See “APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023.” Plante & Moran, PLLC, the Airport Authority’s independent auditor with respect to the Airport Authority’s financial statements for Fiscal Year 2024, has not been engaged to perform, and has not performed, since the date of its report included in Appendix B attached hereto, any procedures on the financial statements addressed in that report. Plante & Moran, PLLC also has not performed any procedures relating to this Official Statement.

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TABLE 14
San Diego County Regional Airport Authority
Statements of Revenues, Expenses and Change in Net Position
(Dollars in Thousands)¹

	2020	2021 ²	2022	2023	2024
Operating revenue:					
Aviation revenue					
Landing fees	\$33,242	\$34,046	\$35,354	\$44,741	\$53,873
Aircraft parking fees	8,354	8,542	8,856	11,189	13,612
Building rentals	82,453	83,090	97,047	129,744	145,169
Other aviation revenue	7,789	8,192	6,518	7,123	8,566
Concession revenue	57,243	41,801	88,138	75,559	79,546
Parking and ground transportation revenue	50,751	27,447	57,079	65,415	72,484
Ground rentals	21,386	19,177	23,265	23,257	23,416
Other operating revenue	1,818	1,680	2,999	3,735	3,223
Total operating revenue	<u>263,036</u>	<u>223,975</u>	<u>319,253</u>	<u>360,762</u>	<u>399,889</u>
Operating expenses:					
Salaries and benefits	51,667	52,922	46,373	51,231	57,444
Contractual services	37,694	24,977	34,491	45,581	52,444
Safety & security	29,457	35,086	34,191	33,043	36,778
Space rental	10,207	64	839	313	466
Utilities	12,748	11,730	14,193	17,567	19,518
Maintenance	11,584	9,111	10,747	16,417	14,125
Equipment and systems	336	425	340	922	544
Material and supplies	651	450	496	661	650
Insurance	1,308	1,519	1,741	1,997	2,313
Employee development & support	967	442	537	681	731
Business development	2,033	209	1,781	1,916	2,280
Equipment rental and repair	3,598	3,380	3,585	4,010	4,992
Total operating expenses before depreciation and amortization	<u>162,250</u>	<u>140,315</u>	<u>149,314</u>	<u>174,339</u>	<u>192,288</u>
Income from operations before depreciation and amortization	100,786	83,660	169,939	186,423	207,601
Depreciation and amortization	131,587	137,496	141,919	131,586	122,175
Operating (loss)	<u>(30,801)</u>	<u>(53,836)</u>	<u>28,020</u>	<u>54,837</u>	<u>85,426</u>
Non-operating revenues (expenses):					
Passenger facility charges	34,393	22,110	40,394	46,755	49,200
Customer facility charges	30,240	15,755	30,333	34,375	35,913
Federal Relief Grants (COVID-19)	36,895	77,219	78,922	—	—
Quieter Home Program, net	(3,295)	(3,233)	(2,541)	(2,051)	(1,845)
Other interest income	—	6,748	7,263	1,115	1,198
Investment income	32,430	2,495	(48,884)	50,882	129,223
Interest expense	(73,612)	(76,628)	(109,675)	(127,464)	(164,933)
Other revenues (expenses), net	1,442	(705)	(13,316)	(1,654)	(3,490)
Non-operating revenue, net	<u>58,493</u>	<u>43,761</u>	<u>(17,503)</u>	<u>1,958</u>	<u>45,266</u>
Income before capital grant contributions	27,692	(10,075)	10,518	66,824	139,691
Capital grant contributions	4,072	13,932	12,958	52,287	128,361
Change in net position	31,764	3,857	23,476	119,111	268,052
Net position, beginning of year	853,302	885,066	888,925	914,068	1,033,179
Net position, end of year	<u>\$885,066</u>	<u>\$888,923</u>	<u>\$912,401</u>	<u>\$1,033,179</u>	<u>\$1,301,231</u>

¹ Totals may not add due to rounding.

² Certain amounts for Fiscal Year 2021 were restated in accordance with Governmental Accounting Standards Board Statement No. 87.

Source: Derived from the audited financial statements of the Airport Authority.

Management’s Discussion of Fiscal Year 2024 Financial Results. Total operating revenue for Fiscal Year 2024 was \$399.9 million, an increase of \$39.1 million or 10.8% over Fiscal Year 2023. Airline revenue for Fiscal Year 2024 increased \$28.4 million or 14.7% over Fiscal Year 2023, predominantly due to the reduction of \$20.7 million of pandemic era federal relief provided for the benefit of the airlines. In addition, there was an increase in cost recovery from the airlines. The increase in cost recovery was a result of higher operating expenses and debt service costs increasing. Non-airline revenue increased \$10.7 million or 6.4% in Fiscal Year 2024 primarily due to increased passenger growth.

Operating expenses, before depreciation, for Fiscal Year 2024 were \$192.3 million, an increase of \$17.9 million or 10.3% over Fiscal Year 2023. Contractual services increased by \$6.9 million or 15.1%, mainly due to higher expenses for parking and shuttle operations and Rental Car Center bus expenses due to an increase in enplanements. Safety and security increased by \$3.7 million or 11.3% due to increases in law enforcement, Aircraft Rescue and Fire Fighting, emergency medical services and security inspection/guard services. Utilities increased by \$2.0 million or 11.1% due to increased water and electric usage and rates.

Non-operating revenue (net) increased by \$43.3 million in Fiscal Year 2024. Investment income increased by \$78.3 million due to higher cash balances and interest yields, and non-cash market value adjustments to the investments and enplanements increased PFC and CFC revenue by \$4.0 million. These increases were partially offset by an increase in interest expense of \$37.5 million due to the issuance of the Senior Series 2023 Bonds in October 2023 to fund construction of the New T1.

In Fiscal Year 2024, capital grant contributions increased by \$76.1 million compared to Fiscal Year 2023 due to an increase in grant awards and substantial New T1 construction activities funded by federal grants. These federal grants are comprised of Airport Improvement Program entitlement and discretionary grants through the FAA and other federal and state organizations. These funds are recognized as revenue as the work is completed on the eligible projects. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources for Capital Program—Airport Improvement Program and Bipartisan Infrastructure Law Grants.”

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Revenue Diversity

The following table sets forth the top ten operating revenue providers at SAN for Fiscal Year 2024.

TABLE 15
San Diego County Regional Airport Authority
Top Ten Operating Revenue Providers
(Fiscal Year 2024)

	Revenue Provider	Revenues	Percent of Total Operating Revenue
1.	Southwest Airlines	\$63,381,322	15.8%
2.	Alaska Airlines	33,254,784	8.3
3.	United Airlines	30,941,701	7.7
4.	Delta Airlines	30,211,588	7.6
5.	American Airlines	25,639,648	6.4
6.	Enterprise Rent-A-Car	14,533,959	3.6
7.	Avis Rent-A-Car	14,508,788	3.6
8.	Uber Technologies, Inc.	11,974,153	3.0
9.	Hertz Rent-A-Car	11,416,582	2.9
10.	SSP America	8,412,575	2.1

Source: San Diego County Regional Airport Authority

The following table sets forth the top ten operating revenue sources at SAN for Fiscal Year 2024.

TABLE 16
San Diego County Regional Airport Authority
Top Ten Operating Revenue Sources
(Fiscal Year 2024)

	Source	Revenue	Percent of Total Operating Revenue
1.	Building Rentals	\$145,169,422	36.3%
2.	Parking Revenue	53,872,890	13.5
3.	Landing Fees	50,797,038	12.7
4.	Rental Car License Fees ¹	38,261,157	9.7
5.	Terminal Concessions	28,088,289	7.0
6.	Ground Rentals	21,686,652	5.4
7.	Ground Transportation Permits and Citations	20,765,286	5.2
8.	Aircraft Parking Fees	13,612,115	3.4
9.	Common Use System Support Charges	10,094,275	2.5
10.	License Fees – Other	9,818,408	2.5

¹ Excludes CFC revenues, of which the Airport Authority recorded the receipt of \$35.9 million in Fiscal Year 2024.

Source: San Diego County Regional Airport Authority

Historical Debt Service Coverage

The following table shows historical senior and subordinate debt service coverage for Fiscal Years 2020 through 2024.

TABLE 17
San Diego County Regional Airport Authority
Historical Senior and Subordinate Debt Service Coverage¹

	2020	2021	2022	2023	2024
Net Revenues					
Revenues ^{1,2}	\$279,294,343	\$225,154,340	\$321,285,474	\$397,652,115	\$449,402,733
Operating and Maintenance Expenses	(152,377,707)	(139,258,325)	(156,925,116)	(177,921,959)	(189,012,370)
Plus: COVID-19 Federal Relief Funds Applied to Operating and Maintenance Expenses	16,080,061	51,218,785	60,790,418	—	—
<i>Net Operating and Maintenance Expenses</i>	<i>(136,297,647)</i>	<i>(88,039,540)</i>	<i>(96,134,968)</i>	<i>(177,921,959)</i>	<i>(189,012,370)</i>
Net Revenues Available for Debt Service ¹	\$142,996,696	\$137,114,800	\$225,150,506	\$219,730,155	\$260,390,363
Senior Debt Service					
Senior Bonds ³					
Principal	\$ 7,925,000	\$ 8,315,000	\$3,635,598	—	\$ 2,235,000
Interest	18,081,350	17,685,100	7,195,563	—	979,238 ⁴
Less: PFCs Applied to Senior Debt Service	(11,260,741)	(11,172,249)	(4,691,941)	—	—
Less: COVID-19 Federal Relief Funds Applied to Senior Debt Service	(6,501,585)	(3,406,934)	(1,539,286)	—	—
Total Senior Debt Service	8,244,024	11,420,917	4,599,934	—	3,214,238
Senior Debt Service Coverage ¹	17.35x	12.01x	48.95x	—	81.01x
Subordinate Debt Service					
Subordinate Net Revenues Available for Debt Service ¹	\$134,752,672	\$125,693,883	\$220,550,572	\$219,730,155	\$257,176,125
Subordinate Bonds ⁵					
Principal	\$17,745,000	\$22,315,000	\$34,040,000	\$43,385,000	\$40,495,000
Interest ⁶	39,404,449	41,720,733	48,876,516	56,052,373	59,106,383
Variable Rate Debt ⁷	1,894,813	—	—	—	—
Less: PFCs Applied to Subordinate Debt Service	(18,744,592)	(8,833,085)	(25,313,393)	—	—
Less: COVID-19 Federal Relief Funds Applied to Subordinate Debt Service	(14,313,843)	(22,593,066)	(16,460,714)	—	—
Total Subordinate Debt Service	\$25,985,827	\$32,609,582	\$41,142,409	\$99,437,373	\$99,601,383
Subordinate Debt Service Coverage ¹	5.19x	3.85x	5.36x	2.21x	2.58x
Aggregate Senior and Subordinate Debt Service					
Net Revenues Available for Debt Service ¹	\$142,996,696	\$137,114,800	\$225,150,506	\$219,730,155	\$260,390,363
Aggregate Debt Service (Bonds)					
Principal	25,670,000	30,630,000	37,675,598	43,385,000	42,730,000
Interest ⁶	57,485,799	59,405,833	56,072,079	56,052,373	60,085,621 ⁴
Variable Rate Debt ⁷	1,894,813	—	—	—	—
Less: PFCs Applied to Senior and Subordinate Debt Service	(30,005,333)	(20,005,334)	(30,005,334)	—	—
Less: COVID-19 Federal Relief Funds Applied to Senior and Subordinate Debt Service	(20,815,428)	(26,000,000)	(18,000,000)	—	—
Total Aggregate Debt Service	\$34,229,851	\$44,030,499	\$45,742,343	\$99,437,373	\$102,815,621
Aggregate Debt Service Coverage ¹	4.18x	3.11x	4.92x	2.21x	2.53x

¹ Revenues, Net Revenues Available for Debt Service, Subordinate Net Revenues Available for Debt Service, Senior Debt Service Coverage ratios, Subordinate Debt Service Coverage ratios and Aggregate Debt Service Coverage ratios have been revised since the publication of the Preliminary Official Statement, dated June 9, 2025, with respect to the Senior Series 2025 Bonds, to reflect the exclusion of interest earnings on amounts on deposit in the Senior and Subordinate Construction Funds and the Senior and Subordinate Capitalized Interest Accounts from the calculation of Revenues, which revision is consistent with the provisions of the Master Senior Indenture and the Master Subordinate Indenture. The table also differs from the Historical Senior and Subordinate Debt Service Coverage tables included in the Airport Authority's Annual Reports for Fiscal Years 2020 through 2024 that were filed on the EMMA System. Beginning with the Annual Report for Fiscal Year 2025 that will be filed on the EMMA System, the Airport Authority will update this table with results for Fiscal Year 2025, and each subsequent Fiscal Year, which results will be calculated as provided in this revised table.

² Does not include grants which are otherwise included in the definition of Revenues. Grants which are not otherwise restricted by their terms to the payment of debt service on Senior Bonds and/or Subordinate Obligations are included in the definition of Revenues.

³ Includes principal of and interest paid on the Senior Series 2013 Bonds (which were fully defeased on December 8, 2021) and the Senior Series 2023 Bonds.

⁴ Net of interest paid with proceeds of the Senior Series 2023 Bonds.

⁵ Includes principal of and interest paid on the Airport Authority's Subordinate Airport Revenue Bonds, Series 2010A, Series 2010B and Series 2010C (which were defeased in whole in Fiscal Year 2020), the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds and the Subordinate Series 2021 Bonds.

⁶ Net of interest paid with proceeds of the Subordinate Series 2017 Bonds through January 1, 2019, proceeds of the Subordinate Series 2019 Bonds through January 1, 2021, proceeds of the Subordinate Series 2021A Bonds and the Subordinate Series 2021B Bonds and the Federal Direct Payments received by the Airport Authority with respect to the Subordinate Series 2010C Bonds.

⁷ Includes principal and interest paid on certain Subordinate revolving obligations and commitment fees paid to the providers of certain Subordinate revolving lines of credit and purchasers of certain Subordinate drawdown bonds.

Source: San Diego County Regional Airport Authority

Historical Airline Cost Per Enplaned Passenger

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

TABLE 18
San Diego International Airport
Airline Derived Revenue Per Passenger

Airline Revenues	2020	2021	2022	2023	2024
Joint Use Fees	\$ 49,426,560	\$ 55,229,873	\$ 62,362,974	\$ 77,976,937	\$ 88,440,800
Landing Fees ¹	31,605,811	30,942,421	33,343,343	42,828,143	51,903,963
Terminal Rentals	28,107,630	25,372,323	30,773,369	45,985,824	50,203,857
Common Use Fees	7,627,629	7,369,019	8,230,945	10,950,913	10,094,442
Aircraft Parking Fees ²	6,800,018	6,859,419	6,885,847	9,064,226	10,995,326
Incentive Program	—	(62,080)	(2,078,912)	(2,078,912)	(1,780,592)
Total Airline Revenue	\$126,829,468	\$126,695,834	\$141,718,856	\$187,936,432	\$213,289,927
Enplaned Passengers	9,235,459	4,860,931	9,953,162	11,868,000	12,467,000
Airline Derived Revenue Per Passenger	\$13.73	\$26.06	\$14.24	\$15.84	\$17.11

¹ Does not include landing fees paid by the cargo carriers operating at SAN.

² Amount excludes general aviation remote overnight parking.

Source: San Diego County Regional Airport Authority

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Liquidity and Available Funds

As of June 30, 2024 and March 31, 2025 the Airport Authority had the following unrestricted funds and investments on hand that could be used for all operating expenses of the Airport Authority and to pay debt service on the Senior Bonds and the Subordinate Obligations.

	<u>June 30, 2024</u>	<u>March 31, 2025</u>
<u>Unrestricted Cash and Investments</u>¹		
Cash and investments	\$59,324,139	\$ 36,900,111
Cash designated for capital projects and other	104,857,796	46,092,119
Major Maintenance Fund	134,402,197	173,060,388
Operation and Maintenance Reserve Subaccount	47,991,378	47,991,378
Operation and Maintenance Subaccount	22,879,023	22,879,023
Renewal and Replacement Account	5,400,000	5,400,000
Small Business Bond Guarantee	2,222,300	2,222,300
Investments – long-term portion	<u>262,648,802</u>	<u>405,622,173</u>
Total Unrestricted Cash and Investments	\$639,725,634	\$740,167,492
 Discretionary Cash ²	 \$563,455,233	 \$663,897,091

¹ Based on unaudited results.

² Excludes Operation and Maintenance Reserve Subaccount, Operation and Maintenance Subaccount, and Renewal and Replacement Account.

As of March 31, 2025, the Airport Authority’s “days-cash-on-hand” was 971 days, which was calculated using Total Unrestricted Cash and Investments (\$740.1 million) (minus the deposits to the Major Maintenance Fund (\$173.1 million) and minus the Small Business Bond Guarantee (\$2.2 million)) set forth in the table above and the estimated Operation and Maintenance Expenses of the Airport System for Fiscal Year 2025 (\$213.0 million).

As of June 30, 2024, the Airport Authority’s “days-cash-on-hand” was 970 days, which was calculated using Total Unrestricted Cash and Investments of \$639.7 million (minus the deposits to the Major Maintenance Fund (\$134.4 million) and minus the Small Business Bond Guarantee (\$2.2 million)) and the Operation and Maintenance Expenses of the Airport System for Fiscal Year 2024 (\$189.3 million).

Pursuant to the provisions of the Airline Lease Agreements, the Airport Authority has agreed to use any available cash over 600 “days-cash-on-hand” to either (a) reduce the amount of bonds outstanding in a subsequent Fiscal Year or (b) fund future capital projects. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources of Capital Program” and APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT.”

In addition to the unrestricted funds and investments, the Airport Authority had the following restricted funds and investments on hand (or held by the Senior Trustee and the Subordinate Trustee) as of June 30, 2024 and March 31, 2025:

	<u>June 30, 2024</u>	<u>March 31, 2025</u>
<u>Restricted Cash and Investments (excluding CFCs)¹</u>		
Bond proceeds held by Trustee – Construction	\$1,195,937,403	\$ 764,598,163
Debt Service Reserve Funds held by Trustee – Subordinate Bonds	190,193,712	194,427,059
Passenger Facility Charges	158,418,961	193,748,026
Debt Service Reserve Funds held by Trustee – Senior Bonds	74,032,088	77,110,635
Bond proceeds held by Trustee – Capitalized Interest	184,953,853	66,297,690
Debt Service Funds held by Trustee	<u>75,439,168</u>	<u>52,158,516</u>
Total Restricted Cash and Investments	<u>\$1,878,975,184</u>	<u>\$1,348,340,089</u>

¹ Based on unaudited results.

Pension and Retirement Plans

Airport Authority Pension Plan. All full-time employees hired prior to January 1, 2024, and all represented employees of the Airport Authority are required to participate in the Airport Authority’s defined-benefit pension plan, the Amended and Restated San Diego County Regional Airport Authority Retirement Plan and Trust of 2013 (the “**Airport Authority Pension Plan**”), which provides retirement and disability benefits, annual cost-of-living adjustments, a deferred retirement option plan for eligible employees, and death benefits to plan members and beneficiaries. The Airport Authority Pension Plan is administered by the San Diego City Employees’ Retirement System (“**SDCERS**”), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the City, the Port District and the Airport Authority, and is administered by the Retirement Board of Administration (the “**Retirement Board**”). Each of the Airport Authority, the City and the Port District has a separate plan and each employer’s contributions are held in trust, although all contributions to SDCERS are pooled for investment purposes, managed and invested by the Retirement Board.

SDCERS uses actuarial developed methods and assumptions to determine the level of contributions required to achieve and maintain an appropriate funded status for the Airport Authority Pension Plan. Member contribution rates, as a percentage of salary, vary according to age at entry, benefit tier level, and certain negotiated contracts which provide for the Airport Authority to pay a portion of the employees’ contributions. For Fiscal Year 2024, the Airport Authority’s contribution rate as a percentage of covered payroll was 21.3%, as compared to 23.6% for Fiscal Year 2023. For Fiscal Year 2024, the Airport Authority contributed approximately \$7.9 million to the Airport Authority Pension Fund, and for Fiscal Year 2023, the Airport Authority contributed approximately \$7.7 million to the Airport Authority Pension Fund. For Fiscal Year 2025, the Airport Authority budgeted approximately \$8.0 million to the Airport Authority Pension Fund. These contribution rates were greater than the actuarially determined contribution rates. The Airport Authority has always made its full required contributions to the Airport Authority Pension Plan. The Airport Authority cannot predict the levels of funding that will be required in the future.

See “NOTE 7. DEFINED BENEFIT PLAN” and “REQUIRED SUPPLEMENTARY INFORMATION” in the Airport Authority’s financial statements for the year ended June 30, 2024 attached hereto as “APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023” for more information on the Airport Authority’s Pension Plan, including funding levels. As of the June 30, 2024 actuarial valuation, the funding ratio of the Airport Authority’s Pension Plan was 94.0%, compared to 93.3% as of June 30, 2023. Additionally, complete copies of SDCERS’ comprehensive annual financial reports and the actuarial reports with respect to the Airport Authority Pension Plan can be obtained from

SDCERS by writing to the San Diego City Employees' Retirement System, Suite 400, 401 West A Street, San Diego, California 92101 and from the SDCERS website at www.sdcers.org. No information contained on such website is incorporated into this Official Statement.

Airport Authority Defined Contribution Plan. On September 7, 2023, the Board authorized changes to the Airport Authority Pension Plan that allows Airport Authority employees hired on or after January 1, 2024, that are not represented by the Teamsters Local 911, to make a one-time, irrevocable election to participate in a defined contribution plan, rather than participate in the Airport Authority Pension Plan. Effective January 1, 2024, the Airport Authority established the San Diego County Regional Airport Authority 401(a) Plan (the “**401(a) Plan**”). The Airport Authority is required to contribute 8% of eligible annual salary for those employees who elect to participate in the 401(a) Plan. For Fiscal Year 2024, the Airport Authority contributed approximately \$17,500 to the 401(a) Plan. For Fiscal Year 2025, the Airport Authority budgeted approximately \$264,000 to the 401(a) Plan Fund.

See “NOTE 9. DEFINED CONTRIBUTION PENSION PLAN” in the Airport Authority’s financial statements for the year ended June 30, 2024 attached hereto as “APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023” for more information on the Airport Authority’s Defined Contribution Plan.

Postemployment Health Benefits. In addition to the pension benefits provided under the Airport Authority Pension Plan, the Airport Authority provides medical, dental, vision and life insurance postretirement benefits (“**Postemployment Health Benefits**”) for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service. In May 2009, the Board approved an agreement with the California Employers’ Retiree Benefit Trust (“**CERBT**”) fund, which is managed by the California Public Employees Retirement System (“**CalPERS**”), to administer the Airport Authority’s Postemployment Health Benefits.

For Fiscal Year 2024, the Airport Authority contributed approximately \$1.1 million for Postemployment Health Benefits, and for Fiscal Year 2023, the Airport Authority contributed approximately \$1.0 million for Postemployment Health Benefits. For Fiscal Year 2025, the Airport Authority has budgeted approximately \$1.0 million for Postemployment Health Benefits. As of the June 30, 2023 actuarial valuation, the Airport Authority’s funding ratio for the Postemployment Health Benefits was 98.8% as compared to 98.5% as of June 30, 2022.

Nonunion employees hired after May 1, 2006 and union employees hired after October 1, 2008 are not eligible to receive the Postemployment Health Benefits described above, but they are eligible to participate in a retiree funded health reimbursement arrangement (“**R-FHRA**”). Currently, approximately 348 employees of the Airport Authority participate in R-FHRA. The Airport Authority contributes approximately \$600 per year to R-FHRA for each eligible employee, and each eligible employee can irrevocably elect within the first 30 days of employment, to contribute an additional \$300 per year. Upon their separation of employment from the Airport Authority, participants in R-FHRA may use the amounts deposited to R-FHRA by the Airport Authority and the participant to pay for eligible medical expenses.

See “NOTE 11. OTHER POSTEMPLOYMENT BENEFITS” and “REQUIRED SUPPLEMENTARY INFORMATION” in the Airport Authority’s financial statements for the year ended June 30, 2024 attached hereto as “APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023” for more information on the Airport Authority’s Postemployment Health Benefits.

Risk Management and Insurance

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

The Airport Authority maintains a robust insurance program, including insurance for commercial general liability, property, public officials and employment practices, privacy and cyber network security, crime, fiduciary, automobile, and workers compensation. Construction activity is insured through Owner Controlled Insurance Programs ("OCIPs") that provide general liability coverage. This is achieved either by placing a stand-alone OCIP for large projects or a flexible or "rolling" OCIP program designed to encompass all the smaller capital improvement projects together.

The Airport Authority maintains airport owners and operators primary general liability insurance with coverage of \$500 million for losses arising out of liability for airport operations.

The Airport Authority maintains a property insurance policy with limits of \$750 million providing all risk and flood coverage on physical assets. The cost of earthquake insurance coverage for the Airport remains cost prohibitive and is not available in significant amounts. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from its Risk Management program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency ("FEMA") and the California Disaster Assistance Act ("CDDA"). As of July 1, 2024, the Airport Authority had designated approximately \$14.6 million from its net position as an insurance contingency in the event of damage caused to the Airport by an earthquake. In the future, the Airport Authority could decide to increase or decrease the amount of this reserve.

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

The overall insurance portfolio as well as each individual line of coverage renews annually. Prior to renewal, the Airport Authority works with its team of insurance brokers, currently Willis Towers Watson, to analyze adequacy of coverage, limits, terms and conditions, market conditions and new market offerings. During Fiscal Year 2024, except for the property insurance policy, there were no reductions in insurance coverage from the prior year.

For the New T1 program, the Airport Authority maintains an OCIP for general liability coverage in an amount not to exceed \$23 million. Additionally, the Airport Authority maintains a "builders risk" insurance policy in an amount not to exceed \$13 million for the New T1 program.

The Airport Authority also has an active loss prevention program staffed by a Director of Finance and Risk, a Risk Manager, a Risk Analyst and an Administrative Assistant. Loss control engineers from the Airport Authority's property and casualty insurers conduct annual safety survey and site inspections.

Claims are monitored and administered by Willis Towers Watson, with Airport Authority oversight and control.

DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT

Master Plan

In 2008, the Board approved the first-ever Airport Master Plan for San Diego International Airport (the “**Master Plan**”). The Master Plan identified four primary airport components to be improved at SAN: airfield, terminal, ground transportation and airport support. The airfield component included improved efficient aircraft movement areas such as the existing single runway, taxiways and aircraft parking apron. The terminal component included passenger processing areas including ticket counters, security facilities, hold rooms and baggage claim. The ground transportation component included the roadway/transit circulation system, parking areas and rental car facilities. The airport support component included the Airport/airline maintenance, cargo and general aviation facilities.

Over the past 17 years, the Airport has constructed and implemented major projects that improve the primary four components identified in the Master Plan. The improvements included a 10-gate expansion of Terminal 2 West, an elevated departure roadway, a three-level parking plaza at Terminal 2, an expanded FIS facility at Terminal 2 West and an airline support/belly cargo facility. Additional improvements constructed and placed into operations on the north side of SAN include a new general aviation facility, the RDC, a new on-airport circulation road, the Rental Car Center and an expansion of aircraft fuel storage tanks.

In January 2020, the Board approved and adopted the New T1, which guides the next phase of master planning at SAN including a replacement of the aged Terminal 1 with a new 30-gate Terminal 1, a dual taxiway for improved aircraft circulation, a three-lane vehicle entry road and elevated departure roadway, and a second 5-level parking plaza serving Terminal 1. See “—Capital Program—New T1” below.

By the end of 2025, the Airport Authority expects to complete the Northside Study. The purpose of the study is to develop a long-term plan for future development north of the runway. This includes the potential consolidation of air cargo operations, improvements to the taxiway system and a review of other landside and airside facilities.

Capital Program

The Airport Authority maintains the Capital Program, which is a rolling five-year program that provides for critical improvements and asset preservation for the Airport Authority. The current Capital Program contains two main components: (1) the New T1 program that consists of the replacement of the current Terminal 1 with a larger, more efficient facility, certain airfield enhancements and roadway and parking improvements and a new administration building for the Airport Authority (which has been completed), and (2) the CIP, that addresses airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements. The New T1 is expected to be designed and constructed through Fiscal Year 2028, and all approved open projects of the CIP are anticipated to be completed between Fiscal Years 2026 through 2030. The Capital Program has a budgeted cost of \$4.523 billion (as of March 31, 2025, \$2.5 billion of this cost had been incurred), of which approximately \$3.834 billion is the approved budgeted cost of the New T1.

New T1. In 2012, the Airport Authority embarked on a new master-planning effort for SAN to identify the facilities needed to meet the Airport’s anticipated passenger demand through 2035. Between

Fiscal Years 2015 and 2019, SAN had record-breaking passenger growth with approximately 24.7 million passengers being served in Fiscal Year 2019, along with approximately 228,000 operations in Fiscal Year 2019. Activity levels at the Airport are estimated to surpass 34 million passengers and 287,000 aircraft operations in 2035, based on the aviation planning forecast expected to be included in the Northside Study.

The cornerstone of the New T1 is the replacement of Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility. The new terminal will be approximately 1.2 million square feet (more than three times larger than the existing Terminal 1 which is approximately 336,000 square feet), and will have 30 gates (11 more gates than the existing Terminal 1) that will be able to accommodate both narrow-body and wide-body aircraft. The terminal building layout design was developed to accommodate existing and projected airline fleet mix requirements, including additional “Airplane Design Group” III (i.e., Boeing 737-700), IV (i.e., Boeing 767) and V (i.e., Boeing 777) gates. The new Terminal 1 also will include an expanded 13 lane security checkpoint, up to two airline or common-use lounges, and a post-security outdoor patio area with views of the San Diego Bay and downtown San Diego. The new Terminal 1 will be served by a dual-level curbside, a new close-in parking structure (approximately 5,200 parking spaces), and new entry and circulation roadways. Other components that are part of the New T1 include a new Airport Authority administration building and multiple airfield improvements, such as a new apron area for the new terminal, a new Taxiway A, relocation of Taxiway B and reconfigured remain-overnight aircraft parking positions. Additional mobility-focused project components include new pedestrian and bicycle infrastructure, a dedicated airport shuttle service between the Old Town Transit Center and SAN, and designation of a “transit-ready” area adjacent to the new parking structure for a potential future connection to the region’s transit system. The New T1 also includes the relocation of the shuttle lot. The New T1 will improve the customer experience for all passengers and provide improved aircraft circulation and facilities for SAN’s airline tenants. See “APPENDIX A—FINANCIAL FEASIBILITY REPORT” for additional details on various components of the New T1.

The New T1 consists of three main components: (1) Terminal and Roadways (the “**Terminal and Roadways Component**”), (2) Airside Improvements (the “**Airside Component**”) and (3) Administration Building (the “**Administration Building Component**”). The approved budgets (including owners allowances and contingencies) for the three main components are (a) approximately \$3.241 billion for the Terminal and Roadways Component, (b) approximately \$354.1 million for the Airside Component, and (c) approximately \$106.8 million for the Administration Building Component. The Administration Building Component is in close-out and the final cost is expected to be \$106.8 million. Additionally, the approved budget for the New T1 includes the costs for the shuttle lot relocation project (approximately \$18.2 million) and program contingencies of \$113.7 million.

Design and Construction of the New T1. The New T1 is being procured utilizing “progressive design-build” and “design-bid-build” delivery methods. The Terminal and Roadways Component is being undertaken pursuant to a Progressive Design-Build Agreement (the “**Terminal and Roadway Agreement**”) between the Airport Authority and the Terminal and Roadway Contractor (Turner-Flatiron, A Joint Venture). In January 2024, the Board authorized Airport Authority staff to execute a guaranteed maximum price (“**GMP**”) contract not to exceed \$3.008 billion for the design and construction of the Terminal and Roadways Component. The GMP contract was executed in February 2025 for \$2.989 billion.

Design of the Airside Component was undertaken pursuant to a design contract between the Airport Authority and Jacobs. The design of the Airside Component has been completed. Construction of the Airside Component is being undertaken pursuant to a construction contract (the “**Airside Construction Agreement**”) between the Airport Authority and the Airside Contractor (Griffith Company). On October 7, 2021, the Board approved a contract price of \$251,671,315 under the Airside Construction Agreement for the construction of the Airside Component.

The Administration Building Component was undertaken pursuant to a design-build contract (as amended, the “**Administration Building Agreement**”) between the Airport Authority and the Administration Building Contractor (Sundt Construction, Inc.). On July 1, 2021, the Board approved a maximum guaranteed contract price of \$91,379,967 under the Administration Building Agreement for the design and construction of the Administration Building Component. After the approval of the maximum contract price, the Administration Building Contractor and the Airport Authority agreed to several change orders which increased the maximum guaranteed contract price to \$97,630,002. The Administration Building was completed in October 2023, for a final contract price of \$97,579,729. The Administration Building Component is in close-out and the final cost is expected to be \$106.8 million, which consists of the \$97.6 million paid under the Administration Building Agreement and \$9.2 million of indirect costs of the Airport Authority, including costs for Airport Authority staff and project consultants, insurance, public art, environmental remediation and scope enhancements approved after the agreement was executed.

As of March 1, 2025, the design for all components of the New T1 was 100% complete. Construction activities for the New T1 began in November 2021. As of March 1, 2025 (i) construction of the first 19 gates of the new Terminal 1 (which are expected to open in September 2025) was 85% complete and construction of the other parts of the Terminal and Roadway Component (roadways and parking structure) was 90% complete, and (ii) construction of the Airside Component (which is expected to be completed by November 2028) was 67% complete. The remaining 11 gates of the Terminal and Roadway Component Construction are expected to begin construction in October 2025, and are expected to be completed by January 2028. Construction of the Administration Building Component was completed in September 2023, with Airport Authority staff commencing utilization of the building in October 2023.

Environmental Approvals. In March 2017, the Board approved the development of environmental review documents for the New T1. A draft Environmental Impact Report (“**EIR**”) for the proposed project was subsequently released in the summer of 2018 for public review, as required under the California Environmental Quality Act. The Airport Authority received numerous comment letters, and between October 2018 and July 2019, the Airport Authority participated in over 100 meetings with key stakeholders to further refine the proposed project and its associated environmental review documents. As result of this additional stakeholder engagement, the Airport Authority recirculated a draft EIR in September 2019 for public review. On January 9, 2020, the Board certified the Final EIR for the New T1. Additionally, in September 2021, the California Coastal Commission (the “**Coastal Commission**”) approved the New T1, subject to certain conditions, including, among others, implementation of a shuttle system between the Old Town Transit Center and the Airport, providing a comprehensive transit and roadway improvement status report to the Coastal Commission documenting the Airport Authority’s efforts to add or improve mass transit linkages to the Airport for Airport employees and the public and roadway mitigation for traffic impacts, provide a plan to the Coastal Commission that will identify, evaluate and development greenhouse gas emissions reduction measures for incorporation into the design, construction and operation of the New T1, and provide the Coastal Commission with a revised stormwater pollution prevention plan. The Airport Authority also has coordinated with the FAA to conduct the federal environmental review in accordance with the National Environmental Policy Act (“**NEPA**”). The Airport Authority prepared a draft Environmental Assessment that was available for public review and comment through August 2, 2021. On October 22, 2021, the Airport Authority received a “Finding of No Significant Impact” from the United States Environmental Protection Agency (“**EPA**”) pursuant to NEPA with respect to the New T1. The Airport Authority has received all material environmental approvals for the New T1.

Seismic Resiliency. A Fault Hazard Study that was prepared in support of the New T1 development identified and surveyed a seismic fault line that runs east of the new Terminal 1 project site. Based on the findings of the study, the new Terminal 1 has been located outside of the zone of active faulting, with an additional structural setback of 25 feet. To address the new Terminal 1’s proximity to the fault zone, the new Terminal 1 has been designed and constructed to meet the Airport Authority’s Design and Construction

Standards and the structural codes and standards identified by the California Building Code and the City of San Diego that address seismic resiliency. These codes and standards include, among others:

- guidelines for the design, fabrication, erection, and quality of structural steel members and connections in seismic force-resisting systems.
- standards to help ensure the reliability and safety of steel moment frames in seismic events.
- guidelines for welding steel structures in seismic applications to ensure their performance during seismic events.
- addresses the necessary seismic performance for support piping capable of withstanding the effects of seismic events.

In addition to the codes and standards followed during terminal development, Caltrans Seismic Design Criteria were followed to address the connected bridging system's seismic resiliency.

CIP. In addition to the Master Plan and the New T1, the Board has adopted a capital improvements program policy (the “**CIP Policy**”), which requires the Airport Authority to establish a CIP for the orderly maintenance and development of SAN. Pursuant to the CIP Policy, each year the Airport Authority’s President and CEO is required to submit to the Board a development program of desirable capital improvements that are within the Airport Authority’s financial funding capability. The Airport Authority’s current CIP sets forth projects that were completed and are anticipated to be completed at SAN between Fiscal Years 2026 and 2030. Projects in the CIP, include, among others, the T2E Connector (described in the following paragraph), the purchase of new rental car center buses, renovations to one of the airline lounges in Terminal 2 East, planning and design for remodeling of Terminal 2 East, offsite roadway improvements, solid and liquid waste facilities, replacement of baggage handling system and makeup units in Terminal 2 East and various other airfield, terminal and landside projects. The CIP has an estimated cost of approximately \$688.5 million.

One of the projects in the CIP is a connection between the new Terminal 1 and Terminal 2 East (the “**T2E Connector**”). The T2E Connector is budgeted within the existing CIP at \$180 million and involves the design and construction of a building that provides a post-security connection between the new Terminal 1 and Terminal 2 East. At the concourse level, this project will provide a secure connection corridor between the new Terminal 1 and Terminal 2 East, along with two gate holdrooms and passenger boarding bridges to serve Group 3 and smaller aircraft. The concourse level will also include art, restrooms, and infrastructure for a small concessions area. At the apron level, the project will include an employee security checkpoint, infrastructure for a landside concession, aircraft apron for two gates and parking for ground support equipment. The project will include minor landside improvements including sidewalk, bus stop area, and miscellaneous landscaping. The T2E Connector will be implemented using a progressive design-build delivery method. The project is currently in procurement and the Board is expected to authorize a contract in September 2025. Should the contractor and the Airport Authority agree on a maximum contract price, the contractor will begin designing the project. Construction is expected to begin in early 2028 with the facility expected to be operational in early 2030.

Projected Funding Sources for Capital Program

General. The Airport Authority anticipates financing the design, construction and equipping of the New T1 and the CIP with a combination of proceeds of the Senior Series 2025 Bonds and earnings on such proceeds (approximately \$647.0 million); proceeds of the Subordinate Series 2019 Bonds, the

Subordinate Series 2021A/B Bonds and the Senior Series 2023 Bonds and earnings on such proceeds (approximately \$2.7 billion); proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations (approximately \$157.2 million); internally generated cash of the Airport Authority (approximately \$577.7 million); moneys on deposit in the Major Maintenance Fund (approximately \$84.8 million); PFC revenues on a pay-as-you-go basis (approximately \$185,000); federal grants (approximately \$371.0 million), including federal Airport Improvement Program grants, federal Airport Infrastructure Grants and federal Airport Terminal Program grants; and other sources (approximately \$18.5 million). As of March 31, 2025, approximately \$2.4 billion had been spent on the New T1 and approximately \$96.7 million had been spent on the CIP projects. The following table sets forth the anticipated sources of funding for the Capital Program. Also see “Table 1: Estimated Capital Program Costs and Funding Plan” in “APPENDIX A—FINANCIAL FEASIBILITY REPORT” for additional information on the projected funding sources of the Capital Program.

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TABLE 19
San Diego County Regional Airport Authority
Projected Funding Sources for Capital Program
(\$000)*

	Estimated Cost	Series 2025 Bonds ¹	Series 2019/ 2021A/B/ 2023A/B Bonds ¹	Future Senior/Sub. Bonds	Federal Grants ²	Airport Authority Funds	Major Maintenance Fund	PFCs	Other
New T1									
Total New T1	\$3,834,300	\$647,016 ³	\$2,531,279 ³	—	\$310,490	\$332,023 ³	—	—	\$13,491
CIP									
T2E Connector	\$180,000	—	—	\$157,194	\$22,806	—	—	—	—
Acquire Rental Car Center Buses	36,000	—	—	—	6,000	\$30,000	—	—	—
Solid & Liquid Waste Facilities	35,000	—	\$25,450	—	—	9,550	—	—	—
CIP Support	34,044	—	—	—	—	34,044	—	—	—
Offsite Intersection/ Roadway Segment Improvements	33,600	—	33,600	—	—	—	—	—	—
Rehabilitate Taxiways	31,200	—	—	—	17,981	13,219	—	—	—
Expand/Remodel T2E- Program Level Scope Definition/Design	29,100	—	—	—	—	23,260	5,840	—	—
Modernize Baggage Handling Sys. & Mus in T2E	27,370	—	1,248	—	—	4,450	21,672	—	—
Terminal 2E Lounge	24,000	—	—	—	—	—	24,000	—	—
Perimeter Fencing Enhancements and PIDS Realignment	23,473	—	—	—	—	23,473	—	—	—
FY26 Capital Allowance	20,000	—	—	—	—	20,000	—	—	—
Airport Electrical Infrastructure Expansion	18,200	—	—	—	—	18,200	—	—	—
Northside Apron Improvements	15,200	—	9,015	—	—	6,024	161	—	—
T2W Restroom Upgrades	11,600	—	—	—	—	11,600	—	—	—
Replace Passenger Boarding Bridges	10,369	—	5,152	—	—	—	5,031	185	—
Other Projects	159,391	—	60,764	—	13,732	51,813	28,081	—	5,000
Total CIP	\$688,547	—	\$135,229	\$157,194	\$60,519	\$245,633	\$84,786	\$185	\$5,000
Total Capital Program	\$4,522,847	\$647,016	\$2,666,508	\$157,194	\$371,009	\$577,657	\$84,786	\$185	\$18,491

* Totals may not add due to rounding.

¹ Includes earnings on proceeds deposited to the construction funds.

² Includes federal Airport Improvement Program grants, federal Airport Infrastructure Grants and federal Airport Terminal Program grants.

³ Amounts differ slightly from those that are included in the Financial Feasibility Report. The Financial Feasibility Report assumes more interest earnings being generated from the proceeds of the Senior Series 2025 Bonds to be used to finance a portion of the costs of the New T1, and less interest earnings being generated from the proceeds of the previously issued Senior Bonds and Subordinate Bonds used to finance a portion of the costs of the New T1. Additionally, after the publication of the Financial Feasibility Report, the Airport Authority decided to reduce the amount of proceeds of the Senior Series 2025 Bonds to be used to pay the costs of the New T1 by \$20 million, and decided to use an additional \$20 million of Airport Authority Funds to pay for those costs.

Source: San Diego County Regional Airport Authority

Senior Bonds and Subordinate Obligations. The Airport Authority will use approximately \$647.0 million of the proceeds of the Senior Series 2025 Bonds and earnings on such proceeds deposited to the construction funds related to the Senior Series 2025 Bonds, and approximately \$2.667 billion of the proceeds of previously issued Senior Bonds and Subordinate Obligations and the earnings on such proceeds deposited to the construction funds related to such Senior Bonds and Subordinate Obligations to finance

the New T1 and the CIP. Based on the various current estimates and assumptions related to the New T1 and the CIP and the Airport Authority's operations, the Airport Authority currently anticipates that, after the issuance of the Senior Series 2025 Bonds, it will issue approximately \$189.9 million of Additional Senior Bonds and/or Additional Subordinate Obligations between Fiscal Years 2028 and 2030 to finance additional costs of the CIP. The dates of issuance of the Additional Senior Bonds and/or Additional Subordinate Obligations to finance additional costs of the CIP will be dependent on when the Airport Authority needs additional funds to finance the design and construction of the CIP. Following the issuance of the Senior Series 2025 Bonds, the Airport Authority does not expect to issue any Additional Senior Bonds or Additional Subordinate Obligations to fund costs of the New T1.

Airport Authority Funds and Other Sources. The Airport Authority will use approximately \$577.6 million of available funds of the Airport Authority, approximately \$84.8 million of moneys on deposit in the Major Maintenance Fund and approximately \$18.5 million of other moneys to finance a portion of the costs of the New T1 and the CIP.

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

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

The Port District initially received approval from the FAA to impose a \$3.00 PFC at SAN. The approval for the PFC was transferred by the FAA to the Airport Authority, effective January 1, 2003. On May 20, 2003, the FAA approved the Airport Authority's PFC application to increase the charge per enplaned passenger from \$3.00 to \$4.50 beginning August 1, 2003. The Airport Authority has received approval from the FAA, pursuant to 11 separate applications, to collect, and use, a PFC on each enplaning passenger at SAN totaling approximately \$1.6 billion. The Airport Authority has closed nine of the PFC Applications; these applications having been fully funded and the projects they financed having been completed. As of March 31, 2025, there were two active PFC Applications.

The Airport Authority is currently in the process of filing an application with the FAA to collect and use PFCs to pay debt service on the PFC-eligible portions of the Subordinate Series 2021A/B Bonds, the Senior Series 2023 Bonds and the Senior Series 2025 Bonds. The Airport Authority anticipates filing the new PFC application in the fall of 2025 and receiving FAA approval prior to the end of Fiscal Year 2026.

As of March 31, 2025, the Airport Authority had recorded the receipt of approximately \$1.0 billion of PFCs (consisting of \$972.3 million of PFCs collections and \$31.4 million of interest). As of March 31, 2025, the Airport Authority had disbursed a total of \$806.2 million of PFCs on approved capital projects expenditures.

The following table sets forth a summary of the Airport Authority’s approved PFC applications through March 31, 2025.

TABLE 20
San Diego County Regional Airport Authority
Approved PFC Applications

PFC Applications	Approval Date	Amended Approval Amount^{1,2}
1-5, 7, 10, 11 and 13 ^{3,4}	Various	\$ 438,030,936
8	2010	1,118,567,229
12	2016	<u>43,795,768</u>
Total		<u>\$1,600,393,933</u>

¹ Includes the amount of PFCs the FAA has authorized the Airport Authority to collect and use at SAN.

² Authorization to collect PFCs under all of the applications and amendments expires on November 1, 2039, however, such authorization to collect PFCs could expire earlier if the total authorized amount is collected prior to November 1, 2039.

³ The Airport Authority withdrew PFC Application #6 and PFC Application #9 was skipped due to internal FAA system processing.

⁴ The Airport Authority has closed PFC Applications 1-5, 7, 10, 11 and 13; these applications having been fully funded and the projects they financed having been completed.

Source: San Diego County Regional Airport Authority

The PFCs collected pursuant to the PFC Applications have been and will be used to finance all or a portion of certain capital improvements at SAN including, among other things, the Airport Authority’s noise mitigation program, and projects associated with the New T1 and the CIP. As described in additional detail in the Financial Feasibility Report, between Fiscal Years 2026 and 2031, the Airport Authority expects to use approximately \$19.0 million of PFCs on a pay-as-you-go basis to finance costs of the “Quieter Home Program” (as described under “AIRPORT ENVIRONMENTAL MATTERS—Airport Noise—Community Sound Attenuation Program”). Additionally, as described in additional detail in the Financial Feasibility Report, in Fiscal Years 2026 through 2031, the Airport Authority expects to use approximately \$368.3 million of PFCs to pay debt service on PFC Eligible Bonds (including portions of the Subordinate Series 2019A Bonds, the Subordinate Series 2020 Bonds, the Subordinate Series 2021 Bonds, the Senior Series 2023 Bonds and the Senior Series 2025 Bonds). Pursuant to the Airline Lease Agreements, the Airport Authority has agreed to set aside \$30 million of PFCs each Fiscal Year during the three Fiscal Years prior to the opening of Phase 1A of the new Terminal 1 (expected to open in September 2025), and to use those PFCs in the three Fiscal Years following the opening of Phase 1A of the new Terminal 1 to pay debt service on Senior Bonds and/or Subordinate Obligations the proceeds of which are expected to be used to finance the construction of the new Terminal 1. The Airport Authority has agreed to consult with the Signatory Airlines on an annual basis regarding the use of the PFCs set aside, but the Airport Authority, at its discretion, may adjust the schedule for their use.

The following table sets forth the amount of PFCs received by the Airport Authority in Fiscal Years 2020 through 2024.

TABLE 21
San Diego County Regional
Airport Authority
Annual Receipt of PFCs¹

<u>Fiscal Year</u>	<u>PFCs Collected</u>
2020	\$34,392,981
2021	22,109,906
2022	40,394,092
2023	46,754,727
2024	49,199,510

¹ The information in this table is presented on an accrual basis. Does not include interest earnings.

Source: San Diego County Regional Airport Authority

Airport Improvement Program and Bipartisan Infrastructure Law Grants. The Airport Authority receives federal grants from the FAA each year. The Airport and Airway Improvement Act of 1982, as amended, created the Airport Improvement Program (“AIP”), which is administered by the FAA and funded by the Airport and Airway Trust Fund. Under AIP, the FAA awards grant moneys to airports around the country for capital improvement projects. The Airport and Airway Trust Fund is financed by federal aviation user taxes. Additionally, in November 2021, Congress passed, and President Biden signed into law, the Infrastructure Investment and Jobs Act (Public Law 117-58, commonly referred to as the “**Bipartisan Infrastructure Law**” or “**BIL**”). Title VIII of BIL makes available \$20 billion, over five years, for the FAA to administer the newly created Airport Infrastructure Grants (“AIG”), and the Airport Terminal Program (“ATP”). Both AIP and BIL provide grants to public agencies for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems. AIP and BIL grants are available to airport operators in the form of “entitlement” funds and “discretionary” funds. AIP and BIL (through AIG) entitlement funds are apportioned annually based upon the number of enplaned passengers and the aggregate landed weight of all-cargo aircraft. AIP discretionary funds are available at the discretion of the FAA based upon a national priority system. BIL discretionary funds, through ATP, are awarded annually to projects that address the aging infrastructure of the nation’s airports through a competitive process. Before federal approval of any AIP or BIL grants can be given, eligible airports must provide written assurances that they will comply with a variety of statutorily specified conditions. See “CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of Federal Grants.”

The Airport Authority anticipates receiving both entitlement and discretionary grants to fund certain capital projects in the CIP (approximately \$60.5 million; of which \$47.6 million of these grants were awarded prior to Fiscal Year 2025). Additionally, the Airport Authority has received grants to fund certain portions of the New T1 (approximately \$310.5 million). A significant portion of these grants include a multi-year AIP grant commitment of \$118.4 million for the airfield improvements that are part of the New T1. The \$118.4 million is comprised of \$8.4 million of entitlement funds, and \$110.0 million of discretionary funds. As described above, the FAA has granted the Airport Authority approval to collect PFCs at SAN. In accordance with the PFC Act and the PFC Regulations, since the Airport Authority imposes a \$4.50 PFC, the amount of AIP entitlement grants which the Airport Authority is permitted to receive annually may be reduced up to 75%.

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

Third-Party Financed Projects

In addition to projects financed by the Airport Authority, certain projects at SAN are expected to be financed and constructed by outside third parties, which will be identified in the Northside Study. Any projects identified in the study are not anticipated to start until the New T1 and the Terminal 2 East renovations are completed.

Airport Land Use Commission

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

The ALUCP contains compatibility criteria and ALUC review procedures for projects proposed within delineated Airport Influence Areas ("AIA") and addresses land use compatibility around airports in terms of noise, overflight, safety and airspace protection for all 16 public-use and military airports in the County. The ALUCP is not a plan for airport development and does not require any changes to existing land uses, but rather, State law requires future land use near airports to be consistent with compatibility criteria included in an ALUCP. Land use actions, including adoption or amendment of general plans, specific plans, zoning ordinances, and building regulations affecting land within an AIA, must be referred to the ALUC for review. Referral and review by the ALUC of other local actions, primarily individual development projects, is required in some instances, but voluntary in others.

In addition to an ALUCP for SAN, the Airport Authority, acting as the region's ALUC, has developed and adopted ALUCPs for six rural general aviation airports (Agua Caliente, Borrego Valley, Fallbrook Airpark, Jacumba Airport, Ocotillo Airport, and Ramona Airport) and five urban commercial and general aviation airports (Brown Field Municipal Airport, Gillespie Field, McClellan-Palomar Airport, Montgomery-Gibbs Executive Airport, and Oceanside Municipal Airport). ALUCPs also have been adopted for military airports located within the County (Naval Air Station North Island, Marine Corps Base Camp Pendleton, Marine Corps Air Station Miramar, and Naval Outlying Landing Field Imperial Beach).

FINANCIAL FEASIBILITY REPORT

General

The Airport Authority has retained Unison Consulting, Inc., which is recognized as an expert in its field, to prepare a report in connection with the issuance of the Senior Series 2025 Bonds. The Financial Feasibility Report is included as Appendix A hereto, with the Feasibility Consultant's consent. The

information regarding the analyses and conclusions contained in the Financial Feasibility Report is included in the Official Statement in reliance upon the expertise of the Feasibility Consultant.

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

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

Projected Net Revenues, Debt Service Coverage and Cost Per Enplanement

The following table sets forth the projected Net Revenues, debt service requirements for the Senior Bonds and the Subordinate Obligations, the coverage of such debt service requirements based upon the Net Revenues and the cost per enplanement, as forecast by the Feasibility Consultant, for Fiscal Years 2026 through 2031.

The debt service numbers provided in the following table exclude the debt service on the Senior Bonds and the Subordinate Obligations projected to be paid with capitalized interest and PFCs. For a discussion of the calculation of debt service on the Senior Bonds and the Subordinate Obligations paid with capitalized interest and PFCs, see "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Senior Rate Covenant" and "—Use of PFCs to Pay Debt Service." Additionally, see the Feasibility Consultant's cover letter and "Section 3.10 - Forecast Commercial Aviation Activity" in "APPENDIX A—FINANCIAL FEASIBILITY REPORT" for a discussion of the assumptions used by the Feasibility Consultant to develop its passenger forecast and its forecasted financial results.

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

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

The assumptions and estimates underlying the projected financial information are inherently uncertain and, though considered reasonable by the management of the Airport Authority as of the date of this Official Statement, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the

forecasted financial information, including, among others, the risks and uncertainties described under “CERTAIN INVESTMENT CONSIDERATIONS” below. Accordingly, there can be no assurance that the projected results are indicative of the future performance of the Airport Authority or SAN or that actual results will not be materially higher or lower than those contained in the projected financial information. Inclusion of the projected financial information in this Official Statement should not be regarded as a representation by any person that the results contained in the projected financial information will be achieved.

TABLE 22
San Diego County Regional Airport Authority
Projected Debt Service Coverage and Cost Per Enplanement

Fiscal Year	Net Revenues	Senior Debt Service Requirements¹	Senior Debt Service Coverage	Subordinate Debt Service Requirements²	Total Debt Service Coverage³	Cost Per Enplanement
2026	\$339,062,717	\$ 10,560,169	32.11x	\$108,287,158	2.85x	\$20.85
2027	330,022,253	6,773,036	48.73	122,210,344	2.56	21.86
2028	344,570,678	64,843,618	5.31	122,211,960	1.84	25.24
2029	360,684,115	89,167,465	4.05	122,210,827	1.71	26.78
2030	390,756,748	121,191,370	3.22	122,704,972	1.60	28.54
2031	404,054,699	130,267,143	3.10	131,849,456	1.54	29.43

¹ Includes debt service on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds and the Additional Senior Bonds assumed to be issued in Fiscal Year 2028. For purposes of the table only, the Additional Senior Bonds expected to be issued in Fiscal Year 2028 are assumed to be issued in the aggregate principal amount of \$189.9 million and with an all-in true interest cost of 6.0%. The Senior Debt Service Requirement numbers exclude the debt service on Senior Bonds which the Airport Authority expects to pay with capitalized interest and PFCs. The Financial Feasibility Report assumes that the additional bonds to be issued in the future to finance the CIP will be issued as Additional Senior Bonds. However, as of the date of this Official Statement, the Airport Authority has not made a final decision whether such bonds will be issued as Additional Senior Bonds and/or Additional Subordinate Obligations.

² Includes debt service on the Existing Subordinate Bonds. Does not include any debt service on the Subordinate Revolving Obligations. The Subordinate Debt Service Requirement numbers exclude the debt service on Subordinate Obligations which the Airport Authority expects to pay with capitalized interest and PFCs.

³ Calculated by dividing Net Revenues by the sum of Senior Debt Service Requirements and Subordinate Debt Service Requirements.
Source: Unison Consulting, Inc.

AIRPORT ENVIRONMENTAL MATTERS

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

Environmental Stewardship

General. The Airport Authority has made environmental stewardship a hallmark of operations at SAN. The Airport Authority instituted one of the first sustainability policies for a major airport in the U.S. The Planning, Noise, and Environment Department of the Airport Authority (the “**Environment Department**”) manages all environmental-related programs, including airport planning and environmental review, regulatory compliance, water and air quality, site remediation, hazardous material handling, and natural resources protection. The Environment Department interfaces with other Airport Authority departments to assess potential environmental impacts of all proposed projects.

As part of its ongoing commitment to sustainability, in 2011, SAN was the first airport in the U.S. to issue a sustainability report (the “**Sustainability Report**”) based on the internationally recognized criteria of the Global Reporting Initiative. The current Sustainability Report is available on the Airport Authority’s website at <https://www.san.org> (the information on such site is not part of this Official Statement, and has not and is not incorporated by reference herein). The Airport Authority has developed a Sustainability Management Program (the “**Sustainability Program**”) that sets forth the Airport Authority’s framework for advancing and measuring its environmental sustainability progress. The Sustainability Program comprises seven overarching elements including the areas of water stewardship, sustainable energy, carbon neutrality, clean transportation, zero waste, climate resilience, and biodiversity. The Airport Authority sets goals and stand-alone strategies that it aims to achieve by 2035 in each of these programmatic areas. The seven elements of the Sustainability Program are described in more detail below:

Water Stewardship Plan - Establishes the Airport Authority’s vision for the stewardship of water resources and provides a framework for rethinking how the Airport Authority manages its water resources while it prepares to accommodate passenger growth, new airport developments, and a changing climate. Specifically, the plan addresses issues of water conservation, water quality, and flood-risk considerations.

Strategic Energy Plan - Establishes the Airport Authority’s approach to the provision of cost-effective, energy resilience strategies that are environmentally responsible and fully aligned with airport operations and development. It addresses key issues of energy efficiency and conservation including on-site energy generation and storage, enhanced monitoring of key energy metrics, and mechanisms through which to actively engage the broad spectrum of Airport stakeholders.

Carbon Neutrality Plan - Establishes the strategy for managing air quality and greenhouse gas emissions over which the Airport Authority has control and provides a framework for the Airport to achieve carbon neutrality under the ACI-Airport Carbon Accreditation program. In 2025, SAN is on track to maintain the second-highest level of certification under ACI’s Airport Carbon Accreditation program, which is Level 4+ “Transition.”

Clean Transportation Plan - Provides the Airport Authority’s strategy and plan for managing various ground transportation issues at SAN. It covers all ground transportation emission sources, including all vehicles and equipment accessing and operating at the Airport, whether owned and operated by the Airport Authority or by third parties.

Zero Waste Plan (“ZWP”) - This plan serves as the Airport Authority’s strategy and plan for managing various waste issues and covers all waste generated at SAN. It provides an organized framework for eliminating or reducing waste generation and responsibly managing materials produced at SAN. The Airport Authority sees zero waste as addressing five primary focus areas, including sustainable materials management, infrastructure and development, training and education, metrics and reporting, and leadership and influence.

Climate Resilience Plan - Provides the Airport Authority’s strategy for achieving uninterrupted business continuity in future climate conditions. The Airport Authority is proactively working toward long-term solutions that would allow for improvements in areas related to climate resilience that go beyond complying with existing regulations. This plan builds off existing initiatives ranging from improving storm drainage capacity in low-lying areas to collaborating with regional stakeholders to explore large-scale coastal flood protection strategies. The Airport Authority now designs 100% of its capital projects to ensure that they can adapt to climate change stressors, such as coastal flooding and extreme heat events. For example, the building pad elevation for SAN’s new Airline Support Building, new Administration Building, and new Terminal 1 were purposely raised to withstand sea level conditions that are expected in 2100. Resiliency design features being considered for the new Terminal 1 include dual-plumbing restrooms to

utilize non-potable water for toilet flushing, upsized HVAC systems to accommodate higher-than-normal cooling demands, and additional onsite solar photovoltaic and battery energy storage systems. The new Terminal 1 and the associated airfield improvements will also drain to an expanded cistern system, which will eventually be able to annually divert nearly 40 million gallons of rainwater away from the City's stormwater conveyance system, which can be negatively impacted by above-average tidal levels in San Diego Bay. See "INVESTMENT CONSIDERATIONS—Climate Change—Possible Sea-Level Rise."

Biodiversity Plan - Establishes the Airport Authority's vision for the stewardship of plants and wildlife. It also provides a framework for how the Airport Authority manages onsite habitat for the endangered California Least Tern (a species of bird), reduces the use of biocides through the Airport Authority's Integrated Pest Management program, and identifies robust drought-tolerant plant species for its campus-wide xeriscape landscape program.

The development and implementation of the Sustainability Program is a cornerstone of the Airport Authority's work to achieve an enduring and resilient enterprise. Each year, the Airport Authority reports its progress toward its Sustainability Program goals through its Sustainability Report.

Sustainability of New T1. The New T1 construction and design will reflect a strong commitment to sustainability through energy and water conservation, as well as clean-air and zero-waste initiatives. The Airport Authority's goal is to achieve "Leadership in Energy and Environmental Design" ("LEED") Gold certification for the new Terminal 1, Parksmart Gold certification for the new Terminal 1 parking structure and Envision infrastructure certification. Sustainable features of the New T1 are expected to include:

Aircraft Operations

- Hydrant fueling system, eliminating the need for tanker trucks, thereby reducing emissions and potential for accidents
- Linear Terminal Design - avoids need for airfield alleyways which leads to more efficient operations and reduces potential for accidents
- New Taxiway A - allows bi-directional aircraft flow of traffic which leads to more efficient operations
- All gates equipped with ground power & pre-conditioned air, which minimizes the use of airplane fuel use while at gates
- Five charging ports per gate (on average) for electric ground support equipment

Energy Efficiency

- Established an Energy Use Intensity target of 45 kBtu/square foot for the new Terminal 1
- Installing a highly efficient heat recovery chiller to capture otherwise wasted heat and reduce energy usage at the Central Utility Plant
- Reduced embodied carbon by 30% by using steel bracing systems in new Terminal 1 and less cementitious material in the new Terminal 1 Parking Plaza

Renewable Energy

- New Terminal 1 designed to accommodate approximately four megawatts of new photovoltaic solar and a 4 megawatt-hour battery energy storage system
- Receiving grid-delivered, carbon-free renewable electricity (solar and wind) through San Diego Community Power (a provider of affordable clean energy in the San Diego region)

Expanded electric vehicle alternatives

- Approximately 190 Level 2 charging ports in new Terminal 1 Parking Plaza (with another 353 pre-wired for future use)
- Approximately six direct current fast charging ports to support the conversion of taxis and TNCs to electric vehicles
- Conversion of all airport shuttles to electric
- Complimentary all-electric shuttle service from Old Town to the terminals

Water Quality & Conservation

- Installing an additional large capacity cistern on the south side of the Airport
- Capturing storm water from 150+ acres captured from airfield, terminal, and landside/roadway components (e.g., Terminal 1 Parking Plaza) for reuse
- A/C condensate from passenger boarding bridges also plumbed to reuse system
- Water reused in Central Utility Plant and to flush toilets in the new Terminal 1

Resiliency

- New Terminal 1, the new Terminal 1 Parking Plaza and roadways designed to be resilient to sea level rise conditions in Year 2100
- New Terminal 1 designed to be compatible with future Pure Water San Diego reclamation facility to receive recycled water

Future Fixed-Rail Connection

- Preserved transit station area at the Airport terminals

Bicycle Infrastructure

- Approximately 250 bicycle parking racks and 32 bicycle lockers
- Multi-use path for bicycles and pedestrians to terminals (Project Component): A new multi-use path to allow pedestrians and bicyclists to travel on a dedicated route from Anchor Island to the new Terminal 1 along the north side of North Harbor Drive, with connections

to Laurel and North Harbor Drive/Embarcadero across Anchor Island with a hawk-signal crossing at Laurel

- Install bicycle lane on Grape Street from North Harbor Drive to Kettner (Mitigation Measure): Consistent with the Downtown Mobility Plan to replace parking with bicycle lanes
- Install cycle track on Pacific Highway (airport side) from Laurel to Washington (Mitigation Measure): Consistent with the Downtown Mobility Plan to install a cycle track on Pacific Highway and extend to the north

Airport Noise

Airport Noise and Capacity Act of 1990. In 1990, Congress adopted the Airport Noise and Capacity Act of 1990 (the “ANCA”), which provided, among other things, for a phase-out of Stage 2 aircraft by December 31, 1999, and which also limited the scope of an airport operator’s regulatory discretion for adopting new aircraft operational restrictions for noise purposes. The FAA subsequently adopted regulations implementing ANCA under Part 161 of the Federal Aviation Regulations (“**Part 161**”). From 1990 forward, airport proprietors considering the adoption of restrictions or prohibitions on the operation of Stage 2 and Stage 3 aircraft are required to conduct studies which detail the economic costs and benefits of proposed restrictions, as well as seeking affirmative approval of the FAA under defined statutory criteria before they may legally be implemented. ANCA and Part 161 make the adoption of many traditional aircraft operating restrictions by local airport proprietors on the operation of Stage 3 aircraft infeasible without the concurrence of the FAA, the air carriers or other operators affected by the restrictions. Nonetheless, the Airport Authority has various rules and regulations to address aircraft noise, including a prohibition on the operation at SAN of any air carrier commercial aircraft not complying with Stage 3 noise levels.

There also are direct restrictions on aircraft departures at SAN, primarily relating to noise abatement. Specifically, departures from SAN between 11:30 p.m. and 6:30 a.m. (the “**Curfew**”) may be subject to penalty. No airline may schedule or advertise for a departure between 11:15 p.m. and 6:15 a.m. These restrictions are subject only to limited exceptions including emergency and mercy flights. Landings at SAN are not prohibited during the Curfew.

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

To obtain a variance, an airport must demonstrate to the State of California that it is making good faith efforts to achieve compliance with the state noise standards. The most recent variance for SAN was issued by Caltrans in September 2019 and was valid for three years. The Airport Authority submitted a new variance application for SAN with Caltrans in June 2022, which is currently under review. SAN continues to operate under the expired variance until Caltrans issues a new variance. During the term of the variance, the Airport Authority is required to continue the facilitation of an Airport Noise Advisory Committee, staffing of an Airport Noise Management Office, maintaining a noise monitoring system,

submittal of a quarterly noise report, and implementation of its residential sound attenuation program, among other requirements.

Community Sound Attenuation Program. In 1997, the Port District initiated a residential sound attenuation program (the “**RSAP**”) with respect to eligible residences surrounding SAN that are located within the approved 65 CNEL contour. In connection with the renewal of its noise variance in 2001, the Port District agreed to enhance its then current RSAP. The Airport Authority’s current sound insulation program (the “**Quieter Home Program**”), which includes both residential and non-residential properties, is an ongoing program that provides acoustical insulation to all eligible single- and multi-family dwellings and certain other non-residential properties located in SAN’s noise impact area. In 2020, the Airport Authority expanded its sound insulation program to include noise-sensitive, non-residential land uses, such as schools and places of worship, within the 65 CNEL contour. The Airport Authority mainly uses AIP grant revenues and PFC revenues to pay for the Quieter Home Program. To date, the Quieter Home Program has sound-attenuated approximately 6,122 residences. From its inception through May 31, 2025, the Airport Authority has spent approximately \$312 million (\$257 million of which has been paid with AIP grant revenues and \$55 million of PFC revenues) on the Quieter Home Program.

Fuel Storage Tanks

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

The Airport Authority owns the above-ground tanks that store airline fuel, which is transported to the airfield via underground fuel lines. The fuel lines that supply fuel to the storage tanks are owned by a third party. Airlines operating at SAN that use these storage tanks and the fuel lines to the airfield have entered into a lease agreement pursuant to which they are required to indemnify the Airport Authority against any liability associated therewith.

Air Quality and Carbon Management Planning

New T1. See “—Environmental Stewardship—Sustainability of New T1” above for a description of certain of the air quality measures the Airport Authority is undertaking with respect to the New T1.

Continuing Efforts to Reduce Carbon Footprint. The Airport Authority continues to pursue opportunities for reducing its carbon footprint and particulate emissions. Notable examples include encouraging contractors to use renewable diesel and Tier 4 equipment on construction projects to reduce greenhouse gas and particulate emissions. In 2022, a significant portion (96%) of construction equipment were classified as Tier 4. Approximately 98% of nonroad vehicle emissions from the construction of the Airside Component of the New T1 was from renewable diesel consumption, which can reduce emissions by up to 75% or more compared to petroleum diesel.

Ground Transportation Vehicle Conversion Incentive-Based Program. In 2010, the Board adopted a Ground Transportation Vehicle Conversion Incentive-Based Program (the “**Incentive Program**”). For various eligible ground transportation providers at SAN, the Incentive Program provides incentive payments, reduced permit fees, and/or reduced trip fees for Alternative Fuel Vehicles (“**AFVs**”) and Clean Air Vehicles (“**CAVs**”), and increased user fees for non-AFVs and non-CAVs. The Incentive Program has been carried forward with the same vehicle categories through the current operating year. The fees and any incentives are determined in the budget process each year and approved by the Board.

TNC GHG Emissions Reduction Program. Additionally, in June 2018, a TNC greenhouse gas (“GHG”) emissions reduction program was implemented to target cleaner fuel vehicles, higher efficiency vehicles, and carpooling of passengers. The program is based on performance parameters to measure grams of CO₂ emissions generated from TNC trips to lower carbon emissions. Pursuant to the provisions of the TNC Permits, the TNCs are required to pay additional fees to the Airport Authority if the TNC’s drivers’ cars emit excessive grams of CO₂. If the TNC driver’s car meets certain CO₂ limits set forth in the TNC Permit they do not owe these extra fees, but if they do not meet the limits, they are required to pay the Airport Authority the additional fees. The TNCs, in general, have met the Airport Authority’s GHG goals resulting in no significant GHG penalties. It is expected that the TNCs will continue to meet GHG goals to minimize any future GHG penalties.

State Legislation. In 2016, the California legislature passed Senate Bill 32 that codifies the State’s commitment to reduce GHG emissions 40% below 1990 levels by 2030. In July 2016, the California Air Resources Board (“CARB”) released two policy documents, the Sustainable Freight Action Plan and the Mobile Source Strategy, to assist with achieving this carbon reduction goal. In October 2021, CARB held a public hearing to receive public comment on an update to the plan. These documents identify emissions from airport shuttles and GSE as priority action areas. The Airport Authority is now complying with requirements of CARB’s ZEV Shuttle Bus regulation, and with a fleet of 33 electric buses and shuttles, the Airport Authority is ahead of the conversion compliance timeline. On the airside, the Airport Authority is working with airline and ground handling business partners to convert GSE to alternative fuels (e.g., electric, propane, and renewable diesel). These initiatives are part of the Airport Authority’s “**Carbon Neutrality Plan**”, that was developed in 2019, and proactively addresses GHG-emission sources at SAN. In addition to inventorying baseline conditions, the Carbon Neutrality Plan identifies a variety of potential climate mitigation initiatives and tactics within five primary focus areas:

- **Airlines & Aircraft:** Potential action items include forming a biofuel task force to engage airlines about options to increase onsite biofuel (also known as Sustainable Aviation Fuel) use; leveraging gate optimization software; and installing an underground fuel hydrant system at all aircraft gates.
- **Transportation:** Potential action items include reducing emissions from construction equipment; converting Airport Authority fleet and encouraging third parties to use zero or low emission vehicles; and strengthening inter-agency collaboration regarding regional transit and ground access to the Airport.
- **Energy:** Potential action items include participating in direct access or community choice energy programs; installing renewable energy systems in a cost-effective manner; and evaluating alternative fuel options for stationary sources.
- **Other Emissions:** Potential action items include updating tenant improvement guidelines to emphasize water conservation and resilient design; applying best practices for preventing refrigerant leaks; and expanding the food recovery program to include all applicable tenants and airlines.
- **Carbon Leadership:** Potential action items include prioritizing LEED/Envision credits related to carbon and air emissions; expanding passenger participation in “The Good Traveler” carbon offset program; and leveraging the implementation of aviation-specific offset programs (such as the Carbon Offsetting and Reduction Scheme for International Aviation).

Local Regulations. Additionally, the Airport Authority worked with the San Diego Air Pollution Control District to include the projects in the Capital Program (including the New T1) and certain other

projects that may be undertaken at the Airport over the next 20 years into the region's updated State Implementation Plan ("SIP") for ozone. The SIP outlines the measures that will be implemented in the region to attain and maintain air quality standards as required by the federal Clean Air Act and is used by the Airport Authority to demonstrate general conformity for future improvements at SAN.

See "CERTAIN INVESTMENT CONSIDERATIONS—Climate Change Issues."

Storm Water Management

General. Under the Federal Clean Water Act and EPA regulations, the Airport Authority is required to obtain certain storm water runoff discharge permits. The Airport Authority has received permits from the San Diego Regional Water Quality Control Board ("SDRWQCB") and the State Water Resources Control Board ("SWRCB"). The Airport Authority is currently in compliance with all of its storm water runoff discharge permits.

Certain portions of the SAN fueling, maintenance and wash areas, are regulated under California's Industrial General Permit, adopted on July 1, 2015 by SWRCB. As part of the new permit, industrial facilities' storm water discharges need to be below certain "numeric action levels" for water quality parameters. SAN is currently categorized as a Level 2 facility for copper and zinc, meaning that the Airport Authority has had to develop exceedance response action plans to identify varying levels of additional best management practices that will be implemented to reduce concentrations of these heavy metals in storm water runoff. Similarly, the Airport Authority's compliance with the Municipal Separate Storm Sewer System (MS4) permit is focused on reducing the frequency of heavy metals exceedances during wet weather events. As such, the Airport Authority has expanded its own requirements to prioritize storm water infiltration and/or capture and reuse systems within new development projects. For example, the Terminal 2 Parking Plaza includes a 100,000-gallon storage system that can collect, treat, and reuse over 2 million gallons of storm water annually, and the new FIS facility utilizes modular wetlands to bio-filtrate its runoff. A 3-million gallon storm water cistern has been installed on SAN's north side and an approximately 900,000 gallon cistern has recently been constructed on the south side as part of the New T1, which greatly expands the Airport Authority's storm water harvesting opportunities. The New T1 also has been designed with infiltration basins and detention pipes to capture stormwater runoff.

Boat Channel Litigation. The Airport Authority was recently a party to litigation in the United States District Court for the Southern District of California, Case No. 3:23-CV-541-LL-VET (the "**Action**"), concerning the clean-up of contaminated sediments by the United States in the former Naval Training Center San Diego Boat Channel ("**Boat Channel**") located just west of SAN. Both the United States and the City asserted claims against the Airport Authority and the Port District for declaratory relief and cost recovery under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) for response costs incurred in cleaning up the Boat Channel. The United States claimed cleanup costs incurred in the amount of \$16,229,804.41. The Airport Authority and the Port District reached a settlement with the United States whereby the Airport Authority and the Port District collectively agreed to pay the United States 15% of its recoverable costs plus statutory interest, amounting to \$2,462,848.59. The Airport Authority and the Port District executed a consent decree to effectuate the settlement, which was duly published and lodged by the United States Department of Justice and ultimately entered by the United States District Court on June 18, 2024. On July 16, 2024, the Airport Authority made final payment to the United States in the amount of \$1,232,424.30.

The City also alleged claims against the Airport Authority and the Port District for response costs it incurred separate and apart from those sought by the United States. The Airport Authority, the Port District and United States challenged the sufficiency of the City's pleadings for these alleged response costs

and the City ultimately agreed to voluntarily dismiss its claims against the Airport Authority and the Port District.

The Airport Authority and the Port District are no longer parties to the Action.

Per- and Polyfluoroalkyl Substances

Per- and Polyfluoroalkyl Substances (“**PFAS**”) are a group of more than 3,000 synthetic chemicals that have been in use since the 1940s. PFAS are found in many products such as dental floss, food packaging materials, non-stick products, water repellant textiles, and fire-fighting foams. PFAS are used in the aerospace, automotive, chemical, electronics, metal coatings and plating, and textiles industries. In 2024, the FAA approved the use for airport operators to use Florine Free Foam (F3) instead of Aqueous Film Forming Foam (“**AFFF**”) containing PFAS in their aircraft rescue and firefighting vehicles and fire suppression operating systems. The Airport Authority made this transition in 2024 and is now only using F3 in all aircraft rescue and fire fighting vehicles.

The EPA has determined that, due to the widespread use and persistence in the environment of PFAS, most people in the United States have been exposed to PFAS. The EPA also found evidence that continued exposure above specific levels to certain PFAS may lead to adverse health effects. Currently, the key PFAS classes of concern are perfluoroalkyl sulfonic acids, such as perfluorooctanesulfonate (“**PFOS**”) and perfluorooctanoic acid (“**PFOA**”). The EPA released a statement in November 2016 summarizing available peer-reviewed studies on laboratory animals and epidemiological evidence in human populations as indicating that exposure to PFOA and PFOS over certain levels may result in adverse health effects including cancer, reproductive and developmental effects, liver effects, immune effects and other effects. In February 2019, the EPA issued a PFAS Action Plan. The PFAS Action Plan outlines EPA’s strategy to better understand the health risks associated with PFAS and to develop tools for characterizing PFAS in the environment, cleanup approaches, and enforcement mechanisms.

On October 18, 2021, the EPA announced a comprehensive Strategic Roadmap as part of a broader White House initiative on the topic. The EPA is developing a Notice of Proposed Rulemaking to designate PFOA and PFOS as hazardous substances under the Resources Conservation and Recovery Act. Such designations would require facilities across the country to report on PFOA and PFOS releases that meet or exceed the reportable quantity assigned to these substances. The hazardous substance designations would also enhance the ability of federal, Tribal, state, and local authorities to obtain information regarding the location and extent of releases. The EPA or other agencies could also seek cost recovery or contributions for costs incurred for the cleanup.

On March 20, 2019, SWRCB issued “Water Code Section 13267 Order WQ-2019-0005-DWQ for the Determination of the Presence of PFAS” (the “**Airport Order**”) to numerous airports in California, including SAN. The Airport Order identifies SAN as a facility that accepted, stored, or used materials that may contain PFAS. SAN previously used AFFF containing PFAS, as required by the FAA. The Airport Order required the Airport Authority to test soil and groundwater for 23 PFAS analytes, including PFOA and PFOS. The Airport Authority completed sampling at 12 different locations on SAN and submitted a formal completion report to SWRCB on December 10, 2019, noting that PFAS analytes were detectable in all of the collected groundwater samples, but were only detectable in soil samples at 8 of 12 locations. On June 10, 2021, SDRWQCB issued an additional Investigative Order requiring the Airport Authority to submit a Supplemental Work Plan to further delineate the vertical and lateral extents of PFAS-impacted media (soil, groundwater, and surface water). The Supplemental Work Plan was subsequently approved by the SDRWQCB and the Airport Authority filed its Supplemental Per- And PolyFluoroalkyl Substances Investigation Report with the SDRWQCB on August 1, 2023. SDRWQCB submitted additional comments on January 5, 2024, and a Revised Supplemental Report and response to comments were provided to

SDRWQCB on April 15, 2024. On August 19, 2024, SDRWQCB provided a letter to the Airport Authority confirming the completion of site investigations and issuing no further action.

Additionally, in October 2019, SWRCB issued “Water Code Sections 13267 and 13383 Order for the Determination of the Presence of PFAS Substances at Chrome Plating Facilities Order WQ-2019-0045-DWQ” (the “**Chrome-Plating Order**”) in connection with chrome plating facilities located throughout the State. The Chrome-Plating Order identifies the former General Dynamics property on Pacific Highway, which the Airport Authority leases from the Port District, as a site of a previous chrome-plating facility. PFAS are used in the chrome-plating processes. As of the date of this Official Statement, the Chrome-Plating Order has not been officially served on the Airport Authority, but it may eventually require the Airport Authority to respond to a questionnaire or, similar to the Airport Order, it may require testing of the affected site for the presence of PFAS.

At this time, SDRWQCB has not established cleanup standards for PFAS or otherwise indicated what actions will be required for PFAS found in soil and groundwater at the Airport. Further, the extent to which PFAS poses a risk to human health and the environment is not yet well understood.

AIRPORT AUTHORITY SOCIAL AND GOVERNANCE EFFORTS

Central to the Airport Authority’s purpose is to promote equality, belonging, connectedness, and a good quality of life for its employees and the community at-large. The Airport Authority strives to exceed its customers’ expectations by introducing innovative service and facility enhancements and aims to achieve the highest level of internal and external customer satisfaction. The Airport Authority also endeavors to develop leaders and a workforce that reflects the community and assures the highest level of commitment and productivity. As a responsive member of the community, the Airport Authority works with surrounding neighborhoods and key groups to address the impacts from aircraft noise, traffic congestion, and other impacts.

Small and Disadvantaged Business

The Airport Authority is committed to the growth of the San Diego region and works to ensure that local, small, disadvantaged, disabled veteran and emerging businesses have every opportunity to work with the Airport Authority. The Airport Authority established Policy 5.12 in April 2009 which allows for preference to small businesses, veteran owned small businesses and local businesses in the award of Airport Authority contracts. In addition to make certain that small businesses have everything they need to compete, the Airport Authority has a strategy to build relationships with the business community that encourages conversation and participation, and provides education, training, and outreach both in person and online. This strategy includes:

The Airport Authority, in partnership with Turner Construction, hosts the Turner School of Construction Management. This seven-week program is a community outreach and education program offered twice a year to businesses. Participants gain needed technical, administrative and managerial skills to help develop new and strategic business relationships and target their business for quality growth.

The Airport Authority launched a Bonding and Contract Financing Assistance Program in December 2007 that assists small, disadvantaged contractors in establishing first-time bonding or increasing their current bonding capacity and financing for airport contract work. The Airport Authority focuses on developing the contractors enrolled in the program by encouraging enrollees to attend the Airport Authority’s educational contractor workshops. Examples of topics covered are procurement 101, prevailing wage and labor compliance, and many more.

The Airport Authority has a Disadvantaged Business Enterprise Program (“**DBE**”) and Airport Concession Disadvantaged Business Enterprise (“**ACDBE**”) Program. It is a goal of the Airport Authority to ensure DBEs and ACDBEs have an equal opportunity to receive and participate in construction, professional services and concession opportunities through the implementation of race-neutral and gender-neutral measures to meet overall DBE and ACDBE goals. Such measures include community outreach, attending pre-submittal meetings, unbundling large projects into smaller contractors, maintaining a directory of ACDBE and DBEs, hosting training seminars, hosting a Supplier Outreach Day, webinars and panels on important topics such as Concessionaire and ACDBE Panel, ACDBE and DBE certifications, ACDBE joint venture compliance, and other important topics.

In furthering outreach to assist small, disadvantaged, local and veteran owned small businesses and maximize their participation on Airport Authority contracts, the Airport Authority requires prime contractors to submit an Outreach Plan. The approach is a plan that describes a prime contractor’s specific efforts toward small, local, and veteran owned business outreach and participation, and is primarily applied to large projects where subcontracting opportunities exist. All respondents bidding on a contract must put together an outreach plan to include, commitments and goals participation for small, disadvantaged, local and veteran owned small businesses.

The Airport Authority introduced an outreach initiative by hosting “Meet the Primes,” which is an event for businesses to connect with and learn from the Airport Authority, prime contractors and concessionaires, San Diego’s small business support service centers and public agencies. Businesses learn about the Airport Authority’s Small Business Development Program, upcoming contract opportunities, and need-to-know topics that can help their business.

The Airport Authority hosts a Veteran Appreciation Panel that provides information about new opportunities and programs for veteran businesses and helps the Airport Authority explore how to work together with the veteran-business community.

Employee Development

The Airport Authority is committed to employee development. The Airport Authority not only believes in but acts on the core value of learning which states, “We believe that continuous learning and personal involvement are job responsibilities.” Examples of learning opportunities include: robust learning management system with over 1200 eLearning courses; monthly one hour career development sessions; creating and reviewing performance management and coaching plans every four months; job shadow and mentorship programs and frequent wellness and health and safety activities. In addition to these activities, the Airport Authority provides specific training to the Airport Traffic Officers (“**ATO**”) known as ATO University. The ATO University program is designed to coordinate specific lessons with activities in the field such as customer interactions, citations, and taxi hold lot operations. The Facilities Maintenance Department (“**FMD**”) offers specific training for plumbing, electrical, mechanical and carpentry skills that has enabled FMD to empower the employees hired on as maintenance workers to understand that other opportunities within the department are possible if training and educational requirements are met. The Airport Authority also offers a Tuition Reimbursement Program that is available to all employees who are working towards a college degree or are upgrading their skill set in an accredited program.

Airport Authority Governance

See “THE AIRPORT AUTHORITY” above for a discussion of governance at the Airport Authority.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Senior Series 2025 Bonds involve investment risk and may not be suitable for all investors. The factors set forth below, among others, may affect the security of the Senior Series 2025 Bonds. Prospective investors are urged to read this Official Statement, including its appendices, in its entirety. The factors set forth in this Official Statement, among others, may affect the security for and/or trading value of the Senior Series 2025 Bonds. The information contained in this Official Statement relates solely to the Senior Series 2025 Bonds and speaks only as of the date of this Official Statement. The information in this Official Statement does not purport to be a comprehensive or complete discussion of all risks or other considerations that may be relevant to an investment in the Senior Series 2025 Bonds. Other factors may exist which may be material to investors based on their respective individual characteristics. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. Additional risk factors relating to the purchase of Senior Series 2025 Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. Additional risks and uncertainties not presently known, or currently believed to be immaterial, may also materially and adversely affect, among other things, Revenues, Net Revenues and Subordinate Net Revenues or individual investors. In addition, although the various risks discussed in this Official Statement are generally described separately, prospective investors of the Senior Series 2025 Bonds should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased. There can be no assurance that other risks or considerations not discussed in this Official Statement are or will not become material in the future.

Senior Series 2025 Bonds Are Special Obligations

The Senior Series 2025 Bonds are special obligations of the Airport Authority, payable solely from and secured by a pledge of and first lien on (a) Net Revenues, which include certain income and revenue received by the Airport Authority from the operation of the Airport System less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System; and (b) certain funds and accounts held by the Senior Trustee under the Senior Indenture. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Senior Series 2025 Bonds, and neither the full faith and credit nor the taxing power of the Airport Authority, the City, the County, the State or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Senior Series 2025 Bonds.

Factors Affecting the Airline Industry

General. Key factors that affect airline traffic at SAN and the financial condition of the airlines, and, therefore, the amount of Net Revenues available for payment of the Senior Series 2025 Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; accidents involving commercial passenger aircraft; changes in law, local, State and federal regulations and the application thereof; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of SAN and competition from other airports for connecting traffic; and business travel substitutes, including teleconferencing, videoconferencing and web-casting.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The

profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001, the economic recession that occurred between 2008 and 2009 and the COVID-19 pandemic. Other business decisions by airlines, such as the reduction, or elimination, of service to unprofitable markets, increasing the use of smaller, regional jets and changing hubbing strategies have also affected air traffic at SAN and could have a more pronounced effect in the future.

In addition to revenues received from the airlines, the Airport Authority derives a substantial portion of its revenues from concessionaires including parking operations, food and beverage concessions, retail concessions, car rental companies, and others. See “AGREEMENTS FOR THE USE OF AIRPORT FACILITIES” and “FINANCIAL INFORMATION.” Declines in passenger traffic at SAN may adversely affect the commercial operations of many of these concessionaires. While the Airport Authority’s agreements with concessionaires require the concessionaires to pay a MAG, severe financial difficulties could lead to a failure by a concessionaire to make the required payments or could lead to the cessation of operations of such concessionaire. At the beginning of the COVID-19 pandemic, in order to provide financial assistance to the concessionaires, the Airport Authority abated certain fees and rents payable by the concessionaires. The new concession agreements for the new Terminal 1 include a provision that allows for a temporary MAG suspension due to a severe decline in enplanements.

Many of these factors are outside the Airport Authority’s control. Changes in demand, decreases in aviation activity and their potential effect on enplaned passenger traffic at SAN may result in reduced Revenues and PFCs. Following are just a few of the factors affecting the airline industry including, regional and national economic conditions, threats of terrorism, costs of aviation fuel, and airline concentration. See also “—Aviation Security Concerns” below for additional discussion on the costs of security.

Economic Conditions. Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. See “APPENDIX A—FINANCIAL FEASIBILITY REPORT—3.11 Sources of Forecast Risk and Uncertainty.”

Threats of Terrorism. Recent and ongoing terrorist attacks and threats of terrorism have had, and may continue to have, a negative impact on air travel. The Airport Authority cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001 or the terrorist attacks that occurred in Nice, Munich, Paris, Brussels and Istanbul in 2015 and 2016, the likelihood of future air transportation disruptions or the impact on the Airport Authority or the airlines operating at SAN from such incidents or disruptions.

Cost of Aviation Fuel. Airline earnings are significantly affected by changes in the price of aviation fuel. According to Airlines for America, fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier’s operating economics. There has been no shortage of aviation fuel since the “fuel crisis” of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, including the war between Ukraine and Russia and the conflict between Israel and Hamas in the Gaza Strip, and historically, in the oil-producing nations in the Middle East and North Africa, Organization of Petroleum Exporting Countries policy, the growth of economies around the world, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather. The price of aviation fuel rose to an all-time high of approximately \$4.04 per gallon in June 2022. According to the U.S. Bureau of Transportation Statistics, the price of aviation fuel averaged approximately \$2.54 per gallon during 2024. For comparison purposes, according to the U.S. Bureau of Transportation Statistics, between 2018 and 2022, the price of aviation fuel averaged approximately \$2.18 per gallon per year. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air

transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines..

Airline Concentration; Effect of Airline Industry Consolidation. The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible the airlines serving SAN could consolidate operations through acquisition, merger, alliances and code share sales strategies. Examples of airlines mergers occurring over the last several years include: (a) in 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle (now known as Endeavor) and Compass Airlines; (b) on October 1, 2010, United Airlines and Continental Airlines merged and United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012; (c) on May 2, 2011, Southwest acquired Air Tran, and Southwest and Air Tran began operating as a single airline (under the Southwest brand) in March 2012; (d) on December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc., and American and US Airways began operating as a single airline (under the American brand) in October 2015; (e) in December 2016, Alaska Air Group acquired Virgin America; and (f) in September 2024, Alaska Air Group acquired Hawaiian Airlines. To date none of these mergers have had any material impact on airline service or enplanements at SAN. While these prior mergers have not had any material impact on airline service or enplanements at SAN or on Revenues, future mergers or alliances among airlines operating at SAN may result in fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Revenues, reduced PFC collections and/or increased costs for the other airlines serving SAN.

Industry Workforce Shortages. Workforce and labor shortages are an aviation industry-wide issue. For example, a shortage in pilots have especially affected smaller regional airlines. There are several causes for such shortage. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Additionally, at the onset of the COVID-19 pandemic, airlines were faced with a surplus of personnel resulting from the sudden and dramatic decline in traffic. As a result, airlines offered their employees buyouts and early retirement packages and, according to certain media reports, approximately 10% of pilots took early retirement. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases as air traffic demand returns, the major air carriers are anticipated to need additional pilots, and are generally able to hire pilots away from regional airlines. As a result, small regional airlines have a particularly difficult time hiring qualified new pilots, despite increased incentives. The shortage of pilots available to regional airlines may result in reduced service to some smaller U.S. markets. An additional concern regarding the pilot workforce has recently come to light due to the COVID-19 pandemic. Pilots have self-reported increased errors to NASA's Aviation Safety Reporting System and attributed their errors to the reduction in flights, which has meant less time for pilots in the cockpit. Such reports raise the possible need for retraining opportunities as the airline industry recovers.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and a lack of younger people joining the ranks of the mechanics. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

Additionally, the national air traffic control system has been affected by a shortage of air traffic controllers. These labor shortages are ongoing and could have an impact on the airline system generally and on operations at SAN and the Airport Authority's revenues and financial condition.

Aircraft Shortages. After retiring numerous aircraft during the COVID-19 pandemic, airlines are struggling to acquire sufficient aircraft to meet growing demand for air service in the United States and

abroad. Those challenges are compounded because aircraft manufacturers, including Airbus and Boeing, have experienced delays in producing and delivering aircraft. Such delays result from several factors, including supply-chain disruptions, staffing shortages and FAA certification delays. Delays in aircraft delivery may hamper airlines' ability to increase capacity to meet travel demand. If such aircraft-delivery delays persist, airlines could reduce service domestically and internationally, including from SAN.

Bankruptcy by Airlines and Concessionaires

A bankruptcy of an airline or of another tenant or tenants operating from SAN could result in delays or reductions in payments on the Senior Series 2025 Bonds.

Since December 2000, several airlines that currently operate at SAN, including, among others, United Airlines, Delta Air Lines, American Airlines, Frontier Airlines and Spirit Airlines, have filed for and reorganized under bankruptcy protection. Certain concessionaires and rental car companies also have filed for bankruptcy protection over the last several years, including Hertz Corporation in 2020. Additional bankruptcy filings may occur in the future. The bankruptcy of an airline with significant operations at SAN could have a material adverse effect on operations of SAN, Revenues, and the cost to the other airlines operating at SAN.

In the event of a bankruptcy by an airline or other tenant operating from SAN, the automatic stay provisions of the United States Bankruptcy Code (the “**Bankruptcy Code**”) could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by an airline or other tenant to the Airport Authority or any action to enforce any obligation of an airline or other tenant to the Airport Authority. With the authorization of the bankruptcy court, an airline or other tenant may be able to repudiate some or all of its agreements with the Airport Authority and stop performing its obligations (including payment obligations) under such agreements. Such a repudiation also could excuse the other parties to such agreements from performing any of their obligations. An airline or other tenant may be able, without the consent and over the objection of the Airport Authority to alter the terms, including the payment terms, of its agreements with the Airport Authority, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, an airline or other tenant may be able to assign its rights and obligations under any of its agreements with the Airport Authority to another entity, despite any contractual provisions prohibiting such an assignment. The Senior Trustee and the holders of the Senior Series 2025 Bonds may be required to return to an airline or other tenant as preferential transfers any money that was used to make payments on the Senior Series 2025 Bonds and that was received by the Airport Authority or the Senior Trustee from such airline or other tenant during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by the Airport Authority under any lease with an airline or agreement with another tenant may be subject to limitations.

As described under “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Passenger Facility Charges,” the airlines serving SAN also are required to pay to the Airport Authority PFCs collected from enplaned passengers at SAN. The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Airport Authority) imposing the PFCs, except for any handling or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in their respective financial statements. However, the airlines, provided they are not under bankruptcy protection, are permitted to commingle PFC collections with other revenues. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the Airport Authority cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the airlines operating at SAN. The PFC Act requires an airline in bankruptcy protection to segregate PFC collections from all of its other revenues. It is possible that the Airport Authority could be held to be an unsecured creditor with respect to

unremitted PFCs held by an airline that has filed for bankruptcy protection. Additionally, the Airport Authority cannot predict whether an airline operating at SAN that files for bankruptcy protection would have properly accounted for the PFCs owed to the Airport Authority or whether the bankruptcy estate would have sufficient moneys to pay the Airport Authority in full for the PFCs owed by such airline. PFCs are not pledged to the repayment of any Senior Bonds (including the Senior Series 2025 Bonds) or Subordinate Obligations, however, the Airport Authority has in the past and expects to in the future use PFCs to pay debt service on PFC Eligible Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Use of PFCs to Pay Debt Service.”

Each Non-Signatory Airline operating at SAN is required to provide the Airport Authority with a letter of credit equal to approximately three months of estimated obligations payable by the airline to the Airport Authority. In the event of bankruptcy of a Non-Signatory Airline, the Airport Authority would be able to draw on any such letter of credit to pay obligations owed by the bankrupt airline. Payments under any letter of credit may not be sufficient to pay the Airport Authority all amounts owed by the bankrupt airline. Signatory Airlines are not required to provide a letter of credit or any other form of security deposit with the Airport Authority. However, in the event a Signatory Airlines were to file for bankruptcy protection and subsequently failed to pay any obligations owed to the Airport Authority, pursuant to the terms of the Airline Lease Agreement, the Airport Authority would be allowed to collect those unpaid obligations from the Signatory Airlines that continue to operate from the Airport as part of the landing fees and terminal rentals charged to the Signatory Airlines.

There may be delays in payments to the Airport Authority and resulting delays in the payment of principal of and interest on the Senior Series 2025 Bonds while the court considers any of the issues described above. There may be other possible effects of a bankruptcy of an airline or other tenant that could result in delays or reductions in payments on the Senior Series 2025 Bonds. Regardless of any specific adverse determinations in an airline or other tenant bankruptcy proceeding, the fact of an airline or other tenant bankruptcy proceeding could have an adverse effect on the liquidity and value of the Senior Series 2025 Bonds.

Southwest Airlines – SAN’s Largest Carrier

In Fiscal Year 2025, Southwest Airlines accounted for approximately 34.4% of the total enplaned passengers at SAN. Where an airport has a sizable market share accounted for by a single airline, there is risk associated with the potential for that airline to reduce or discontinue service. However, in the case of Southwest Airlines at SAN, this risk is mitigated by the following factors: (a) except during the COVID-19 pandemic, Southwest Airlines has been generally a profitable airline; and (b) the development of service by Southwest Airlines at SAN has demonstrated a large O&D passenger demand that could be served by other airlines at SAN in the unlikely event Southwest Airlines were to reduce service at SAN.

Over the last several months, Southwest Airlines has implemented several significant policy changes, including, among others, assigned seating and fees for most checked baggage. The Airport Authority cannot predict if these changes or any additional policy changes will result in reduced passengers flying on Southwest Airlines to San Diego, or what effect a reduction or discontinuation of service by Southwest Airlines would have on the Airport Authority or Revenues, or whether another airline would absorb the service provided by Southwest Airlines.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks (see “—Factors Affecting the Airline Industry—Threats of Terrorism”

above), increased threat levels declared by the Department of Homeland Security may influence passenger travel behavior and air travel demand. The Airport Authority cannot predict whether SAN will be a target of terrorists in the future. Additionally, the Airport Authority cannot predict the effect of any future government-required security measures on passenger activity at SAN.

Additionally, since 2018 several airline crashes and mid-air incidents have occurred around the world, including, among others (a) a Boeing 737 MAX aircraft operated by Lion Air crashed off the coast of Indonesia killing all onboard, (b) a Boeing 737 MAX aircraft operated by Ethiopian Airlines crashed in Ethiopia killing all onboard, (c) a panel in the aircraft fuselage of a Boeing 737 MAX aircraft operated by Alaska Airlines blew out mid-flight (all passengers survived), (d) a PSA Airlines Bombardier CRJ700 regional jet operated by American Airlines collided with a helicopter on final approach to Reagan Washington National Airport killing all on board the plane and the helicopter, and (e) a CRJ regional jet operated by Endeavor Air crashed while landing at Toronto Pearson International Airport (all passengers survived).

Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Regulations and Restrictions Affecting SAN

The operations of SAN are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Airline Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the terrorist attacks of September 11, 2001, SAN also has been required to implement enhanced security measures mandated by the FAA, the Department of Homeland Security and Airport management.

It is not possible to predict whether future restrictions or limitations on operations at SAN will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for SAN, whether additional requirements will be funded by the federal government or require funding by the Airport Authority, or whether such restrictions or legislation or regulations would adversely affect Revenues. See “—Aviation Security Concerns” above.

State Tidelands Trusts

Nearly all of the land on which SAN’s facilities are located is held in trust by the Port District pursuant to tidelands grants from the State. Generally, the use of lands subject to the trust is limited under the terms of the grants to harbor and airport uses and other uses of statewide interest, such as fishing, public recreation and enjoyment of the waterfront. Pursuant to the Act, the Port District has leased the land on which SAN is located to the Airport Authority until 2069. There also are certain limitations on the use of funds generated from facilities located on this land. However, none of the various restrictions are expected to affect the operations of SAN or the finances of the Airport Authority. The grants may be subject to amendment or revocation by the State legislature, as grantor of the trust and as representative of the beneficiaries (the people of the State). Under the law, any such amendment or revocation could not impair the accomplishment of trust purposes, or abrogate the existing covenants and agreements between the Port District, as trustee, the Airport Authority, as lessee, and the Airport Authority’s bondholders. The Airport Authority does not anticipate that the State will revoke the tidelands grants.

Federal Law Affecting Airport Rates and Charges

In general, federal aviation law requires that airport fees charged to airlines and other aeronautical users be reasonable and that in order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. The Airport Authority is not aware of any formal dispute involving SAN over any existing rates and charges. The Airport Authority believes that the rates and charges methodology it utilizes and the rates and charges it imposes upon air carriers, foreign air carriers and other aeronautical users are reasonable and consistent with applicable law. However, there can be no assurance that a complaint will not be brought against the Airport Authority in the near-term or in the future, challenging such methodology and the rates and charges established by the Airport Authority, and if a judgment is rendered against the Airport Authority, there can be no assurance that rates and charges paid by aeronautical users of SAN will not be reduced. An adverse determination in a future challenge could limit the ability of the Airport Authority to charge airlines rates sufficient to meet the rate covenants in the Master Senior Indenture and the Master Subordinate Indenture and could have a material adverse impact on the receipt of Revenues.

Additionally, the policies of the FAA prohibit an airport from making direct or indirect payments that exceed the fair and reasonable value of the respective services and facilities provided to the airport. The Port District provides certain services to the Airport Authority and leases several parcels of land to the Airport Authority. If the FAA were to rule that the Airport Authority's payments to the Port District for the services provided by the Port District and/or for the lease of the several parcels of land to the Airport Authority violate the policies of the FAA, the Airport Authority would be solely responsible for correcting any such violations. If the Airport Authority violates the policies of the FAA, the FAA may withhold payment of AIP grants or rescind the Airport Authority's ability to collect PFCs until the Airport Authority corrects such violation. The Airport Authority is not aware of any challenges by the FAA to the payments being made by the Airport Authority to the Port District.

Restrictions on Airport Facilities and Operations

There are restrictions on the Airport Authority's ability to expand and develop facilities at SAN. Current conditions at SAN make the addition of a runway difficult. Obstacles to runway expansion include significant geographic obstructions, major land acquisition requirements, extensive infrastructure impacts, increased noise impacts and community resistance. Geographic obstructions include high terrain to the northeast and southwest of SAN and manmade obstructions, such as office buildings, to the northeast, east and southeast of SAN. See "SAN DIEGO INTERNATIONAL AIRPORT—Existing Facilities."

There also are direct restrictions on aircraft departures at SAN, primarily relating to noise abatement. Specifically, departures from SAN between 11:30 p.m. and 6:30 a.m. (known as Curfew) may be subject to penalty, and no airline may schedule or advertise for a departure between 11:15 p.m. and 6:15 a.m. These restrictions are subject only to limited exceptions including emergency and mercy flights. Landings at SAN are not prohibited during the Curfew. See "AIRPORT ENVIRONMENTAL MATTERS—Airport Noise."

These restrictions on facilities and operations may limit the number of passengers and flights which SAN can accommodate in the future which, in turn, may limit the amount of Revenues the Airport Authority can generate.

Factors Affecting Capital Program

As described herein, the Airport Authority is undertaking a significant capital development program at SAN. The Airport Authority has entered into and will enter into agreements for the construction of such capital improvements. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT.” The Airport Authority anticipates that such contracts will be subject to adjustment for a variety of circumstances, including higher than anticipated costs of labor and materials or subcontractor bids, changes in scope, unforeseen site conditions and force majeure events. The estimated costs of, and the projected schedule for, the capital development program are subject to a number of uncertainties. The ability of the Airport Authority to complete the New T1 may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) changes to the scope of the projects, including changes to federal security regulations; (d) delays in contract awards; (e) material and/or labor shortages; (f) unforeseen site conditions; (g) adverse weather conditions and other force majeure events; (h) contractor defaults; (i) labor disputes; (j) unanticipated levels of inflation and tariffs on construction materials; and (k) environmental issues. No assurance can be made that the New T1 will not cost more than the current budget. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the airlines, thereby making SAN less economically competitive. There can be no assurances that significant increases in costs over the amounts projected by the Airport Authority will not materially adversely affect the financial condition or operations of SAN.

Some of the risks described in the prior paragraph have been mitigated by the Airport Authority. For example, the GMP for the Terminal and Roadways Component secures the price for design and construction and includes allocations for known and unknown risks including cost escalation. As of March 31, 2025, the Terminal and Roadways Component was over 65% complete and over 98% of trade packages were under contract. Additionally, the Airport Authority has the full \$113.7 million remaining in the New T1 program to cover any contingencies related to the construction of the projects included in the New T1.

Unavailability of, or Delay in, Anticipated Funding Sources

As described herein, the Airport Authority anticipates that funding for the New T1 and the CIP has been and will be provided through a combination of proceeds of the Senior Series 2025 Bonds, the previously issued Subordinate Series 2019 Bonds, Subordinate Series 2021A/B Bonds and Senior Series 2023 Bonds, Additional Senior Bonds and/or Additional Subordinate Obligations, internally generated cash of the Airport Authority, PFC revenues on a pay-as-you-go basis, AIP and BIL grants, and other sources. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program” and “APPENDIX A—FINANCIAL FEASIBILITY REPORT” for a description of the financing plan for the New T1 and the CIP. In the event that any of such sources are unavailable for any reason, including unavailability of internally generated cash flow; reduction in the amount of PFCs or AIP or BIL grants available to the Airport Authority; non-appropriation of, or delay in payment of, federal funds or grants; the inability of the Airport Authority to issue or sell Additional Senior Bonds and/or Additional Subordinate Obligations; or any other reason, the completion of the New T1 and the projects included in the CIP could be substantially delayed and financing costs could be higher than projected. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of SAN and the Airport Authority.

Availability of PFCs. In Fiscal Years 2026 through 2031, the Airport Authority expects to use approximately \$19.0 million of PFCs on a pay-as-you-go basis to finance costs of the Quieter Home Program. Additionally, in Fiscal Years 2026 through 2031, the Airport Authority expects to use approximately \$368.3 million of PFCs to pay debt service on PFC Eligible Bonds (including portions of the Subordinate Series 2019A Bonds, the Subordinate Series 2020 Bonds, the Subordinate Series 2021 Bonds, the Senior Series 2023 Bonds and the Senior Series 2025 Bonds). See “SECURITY AND

SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Use of PFCs to Pay Debt Service” and “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT.”

The amount of PFCs received by the Airport Authority in future years will vary based upon the actual number of PFC-eligible passenger enplanements at SAN. No assurance can be given that any level of enplanements will be realized. See “—Factors Affecting the Airline Industry” above. Additionally, the FAA may terminate the Airport Authority’s ability to impose the PFC, subject to informal and formal procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA’s approval, the PFC Act or the PFC Regulations; or (b) the Airport Authority otherwise violates the PFC Act or the PFC Regulations. Its authority to impose the PFC may also be terminated if the Airport Authority violates certain provisions of ANCA and its implementing regulations. The regulations under ANCA also contain procedural safeguards to ensure that the Airport Authority’s ability to impose a PFC would not be summarily terminated. No assurance can be given that the Airport Authority’s ability to impose the PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Airport Authority or that the Airport Authority will not seek to decrease the amount of the PFC to be collected.

As described under “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Use of PFCs to Pay Debt Service” and “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources for Capital Program—Passenger Facility Charges,” the Airport Authority is currently in the process of filing an application with the FAA to collect and use PFCs to pay debt service on the PFC-eligible portions of the Subordinate Series 2021A/B Bonds, the Senior Series 2023 Bonds and the Senior Series 2025 Bonds. The Airport Authority anticipates filing the new PFC application in the fall of 2025 and receiving FAA approval prior to the end of Fiscal Year 2026.

A shortfall in PFC revenues, as a result of the FAA or Congress reducing or terminating the Airport Authority’s ability to collect PFCs or as a result of any other actions (including the FAA’s rejection of the Airport Authority’s new PFC application expected to be filed in the fall of 2025), may cause the Airport Authority to increase rates and charges at SAN to meet the debt service requirements on the PFC Eligible Bonds that the Airport Authority plans to pay with PFCs, and/or require the Airport Authority to identify other sources of funding to pay for the costs of the Capital Program projects currently expected to be paid with PFC revenues, including issuing Additional Senior Bonds and/or Additional Subordinate Obligations.

Availability of Federal Funds. See also “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Federal Funding,” for a discussion of the assumptions with respect to AIP and BIL grant funding. Although the Airport Authority considers these assumptions to be reasonable, assumptions are inherently subject to certain uncertainties and contingencies. Actual AIP and BIL funding levels and the timing of the receipt of such funds vary and such differences may be material. Funds obligated for AIP are drawn from the Airport and Airway Trust Fund that is supported by user fees, fuel taxes, and other similar revenue sources that must be authorized and approved by Congress.

If there is a reduction in the amount of AIP or BIL grants awarded to the Airport Authority, such reduction could (i) increase by a corresponding amount the capital expenditures that the Airport Authority would need to fund from other sources (including operating revenues, Additional Senior Bonds or Additional Subordinate Obligations), (ii) result in cancellation of certain Capital Program projects or (iii) extend the timing for completion of certain projects.

The loss of state and/or federal funds in any significant amount could negatively impact certain of the projects financed with the Senior Series 2025 Bonds, SAN's overall financial position, and potentially its rating.

Cyber and Data Security

Airport Authority. The Airport Authority, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Airport Authority faces multiple cyber threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computers and other sensitive digital networks and systems (collectively, "**Systems Technology**"). There have been cyber-attack attempts on the Airport Authority's computer systems, but none have resulted in widespread compromise of the systems, data loss or breach that the Airport Authority has identified.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport Authority's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

The Airport Authority has taken extensive measures to safeguard its Systems Technology against cybersecurity threats. To name a few, the Airport Authority has obtained PCI (Payment Card Industry) compliance for all systems processing, storing, or transmitting credit card data; the Airport Authority has implemented the NIST (National Institute of Standards Technology) framework consisting of standards, guidelines, and best practices to manage cybersecurity related risk; the Airport Authority has engaged the Department of Homeland Security to conduct risk and vulnerability assessments of its Systems Technology; annually, the Airport Authority conducts incident response table top exercises to simulate a data breach provide Airport Authority wide training to staff and contractors on cybersecurity best practices; the Airport Authority has implemented TSA amendments for aircraft operators to develop plans that describe measures to improve cybersecurity resilience; and the Airport Authority develops TSA directive cyber incident response plans to reduce the risk of operational disruption should information or operational technology systems be impacted by a cyber incident.

No assurances can be given that the Airport Authority's security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the Airport Authority's Systems Technology and cause disruption to Airport Authority and/or Airport services, operations and finances. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Airport Authority to material litigation and other legal risks, which could cause the Airport Authority to incur material costs related to such legal claims or proceedings. The Airport Authority will continue to assess cyber threats and protect its data and systems.

Airlines, Concessionaires and Other Entities Operating at the Airport. Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including the airlines, the FAA, the TSA, the concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could

result in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect the airline industry and operations at the Airport System.

Federal Funding; Impact of Federal Sequestration

The Airport Authority receives certain federal funds including from AIP. Additionally, certain operations at the Airport are supported by federal agencies including flight traffic controllers, FAA, TSA, FBI, Customs and Border Security, among others. Federal agencies also have regulatory and review authority over, among other things, certain Airport operations, construction at the Airport and the airlines operating at the Airport.

From time to time, the federal government has, and may in the future, come to an impasse regarding, among other things, reauthorization of the FAA (which has historically included funding for AIP) and other federal appropriations and spending. The current FAA reauthorization became effective on May 16, 2024, with the passage of the “FAA Reauthorization Act of 2024” (the “**2024 FAA Act**”). The 2024 FAA Act provides funding for the FAA and AIP through September 30, 2028.

Failure to adopt such legislation may have a material, adverse impact on, among other things, (i) federal funding received by the Airport Authority, including under AIP; (ii) federal agency budgets, hiring, furloughs, operations and availability of Federal employees to support certain operations at the Airport, provide regulatory and other oversight, review and provide required approvals, in each case at the Airport and over the airlines serving the Airport; (iii) flight schedules, consumer confidence, operational efficiency at the Airport and in the air transportation system generally. In addition, the anticipated federal spending could be affected by, among other things, the automatic across-the-board spending cuts, known as sequestration.

There can be no assurance that Congress will enact and the President will sign federal appropriation legislation or future FAA reauthorization which may require the Airport Authority to fund capital expenditures forecast to come from such federal funds and from other sources (including operating revenues, Additional Senior Bonds and/or Additional Subordinate Obligations), result in decreases to the CIP or extend the timing for completion of certain projects and the Airport Authority is also unable to predict future impact of any federal spending cuts or appropriation impasses or the impact of such actions on airline traffic at the Airport or the Airport Authority’s revenues.

Technological Innovations in Ground Transportation

One significant category of non-airline revenues for the Airport Authority is generated from ground transportation activity, including use of on-Airport parking garages; fees paid by taxis, limousines and TNCs, such as Uber and Lyft; and rental car transactions by Airport passengers. Prior to the COVID-19 pandemic, passenger levels were increasing but the relative market share of these sources of revenue were shifting. As one example, the popularity of TNCs increased because of the increasing number of cities where TNCs operate, convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing. See “AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—TNC Permits.”

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers’ choice of ground transportation mode. While the Airport Authority makes every effort to anticipate demand shifts, there may be times when the Airport

Authority's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The Airport Authority cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The Airport Authority also cannot predict with certainty whether or to what extent it will collect non-airline revenues in connection with such new technologies or innovative business strategies.

Financial Feasibility Report

The Financial Feasibility Report included as Appendix A to this Official Statement contains certain assumptions and forecasts. The Financial Feasibility Report should be read in its entirety for a discussion of historical and forecasted results of enplanements, operations and debt service coverage and the assumptions and rationale underlying the forecasts. As noted in the Financial Feasibility Report, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material.

Accordingly, the projections contained in the Financial Feasibility Report or that may be contained in any future certificate of the Airport Authority or a consultant are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Airport Authority assumes any responsibility for the failure to meet such projections. In addition, certain assumptions with respect to future business and financing decisions of the Airport Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Senior Series 2025 Bonds are cautioned not to place undue reliance upon the Financial Feasibility Report or upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Revenues, Net Revenues, Subordinate Net Revenues, PFCs and federal funds and grants may be materially less than expected and consequently, the ability of the Airport Authority to make timely payment of the principal of and interest on the Senior Series 2025 Bonds may be materially adversely affected.

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

Impact of Potential Earthquakes

Although the San Diego area has not experienced any significant damage from seismic activities, the geographical area in which SAN is located is subject to unpredictable seismic activity. Southern California is characterized by a number of geotechnical conditions which represent potential safety hazards, including expansive soils and areas of potential liquefaction. The San Andreas, Rose Canyon, Elsinore and San Jacinto fault zones are all capable of producing earthquakes in the San Diego area. SAN has not experienced any significant losses of facilities or services as a result of earthquakes.

The main terminal buildings of SAN were seismically upgraded in the mid-1990s and comply with applicable building codes. However, SAN's facilities could sustain extensive damage in a major seismic event, ranging from total destruction of SAN, to destabilization or liquefaction of the soils, to little or no damage at all. There can be no assurances that damage resulting from an earthquake will not materially

adversely affect the financial condition or operations of SAN or the ability of the Airport Authority to generate Net Revenues and Subordinate Net Revenues in the amounts required by the Senior Indenture and the Subordinate Indenture, as applicable. The Airport Authority does not currently maintain earthquake insurance, but as of July 1, 2024, the Airport Authority had designated approximately \$14.6 million from its net position as an insurance contingency, which could be used in the event of damage to the Airport from an earthquake, among other things. Additionally, the Trump administration may reduce or cut FEMA fundings, which SAN intends to use in absence of earthquake insurance. See “FINANCIAL INFORMATION—Risk Management and Insurance.” In addition to damage to the Airport facilities, an earthquake also could cause damage to the infrastructure surrounding the Airport (i.e., roads), which could make going to and leaving the Airport difficult for travelers wanting to use the Airport.

The Airport Authority is unable to predict when another earthquake may occur and what impact, if any, it may have on SAN or the finances of the Airport Authority or whether the Airport Authority will have sufficient resources to rebuild or repair damaged facilities following a major earthquake.

Climate Change

Possible Increased Regulations. Climate change concerns are leading to new laws and regulations at the federal and state levels that could have a material adverse effect on airlines operating at SAN and also could affect ground operations at SAN.

According to the EPA, aircraft account for 12% of all U.S. transportation GHG emissions and approximately 3% of total U.S. GHG emissions. On January 11, 2021, the EPA issued a final rule entitled “Control of Air Pollution from Airplanes and Airplane Engines: GHG Emission Standards and Test Procedures, 86 Fed. Reg. 2136 (Jan. 11, 2021).” The rule adopts GHG standards equivalent to those adopted by the International Civil Aviation Organization (“ICAO”) in 2017 for certain civil subsonic jet airplanes and larger subsonic propeller-driven airplanes with turboprop engines. The standards generally apply to new type design airplanes with certification applications submitted on or after January 11, 2021 (January 1, 2023 for certain, smaller new designs) and in-production airplanes starting on January 1, 2028 — but not to existing airplanes already in service. In its analysis of costs and benefits in the preamble to the rule, the EPA explained that many airplanes manufactured in the United States “already met the ICAO standards at the time of their adoption” or would be expected to do so by 2028. The impact to the Airport is not expected to be significant, and the rule does not require modifications to airports.

In January 2021, a coalition of states including California filed a petition to review, challenging the final rule as unlawful and requesting remand to the EPA. The petitioners argued that the rule will not reduce aircraft emissions and cause no action by aircraft manufacturers. The EPA reviewed the rule pursuant to President Biden’s Executive Order 13990, which directed agency review of regulations promulgated, issued or adopted between January 20, 2017 and January 20, 2021, and announced in November 2021 that it did not propose any changes to the rule. The petition to review the rule is pending.

In March 2017, ICAO, a specialized agency within the United Nations, adopted GHG carbon neutral growth targets applicable to (i) new aircraft type designs as of 2020 and (ii) new deliveries of current in-production aircraft models from 2023. The global standard includes a cutoff date of 2028 for production of non-compliant aircraft. Separate from the ICAO standards discussed above, in October 2016, the ICAO also passed a global market-based mechanism to achieve carbon-neutral growth for international aviation after 2020, the Carbon Offsetting and Reduction Scheme for International Aviation (“**CORSIA**”), which can be achieved through airline purchases of carbon offset credits.

Originally, 2019 and 2020 were modeled to be the baseline years for the CORSIA emissions reductions; however, in July 2020, the ICAO decided to implement a change to the CORSIA emissions

baseline, disregarding 2020 emissions, to account for the significant impact of the COVID-19 pandemic artificially reducing emissions compared to the 2016 levels. While the change in baseline did not change the timeline for the above implementation phases, the altered baseline could delay until 2026 the effectiveness of the requirement for airlines to purchase carbon offset credits. The United States is participating in the CORSIA pilot, which did commence in 2021 as scheduled, and covers approximately 36% of international flights. Alongside the country's commitment, virtually all U.S.-based airlines agreed to participate in CORSIA. Additionally, participating nations are developing a monitoring, reporting and verification system for GHG emissions from international flights. It remains unclear whether CORSIA will have any impact, economically or on climate.

In addition to these regulatory actions, other laws and regulations limiting GHG emissions have been adopted by a number of states, including California, and have been proposed on the federal level. California passed Assembly Bill 32, the California Global Warming Solutions Act of 2006 (“**AB 32**”), which required the statewide level of GHGs to be reduced to 1990 levels by 2020. On October 20, 2011, CARB made the final adjustments to its implementation of AB 32: the California cap-and-trade program (the “**California Cap-and-Trade Program**”). In August 2016, Senate Bill 32 was enacted and extends the California Cap-and-Trade Program and requires a reduction of California-wide GHG emissions to 40% below 1990 levels by December 31, 2030. CARB released its 2022 Scoping Plan Update, which is intended to achieve carbon neutrality by 2045 and cut statewide GHG emissions by 85% below 1990 levels. The California Cap-and-Trade Program was implemented for certain entities emitting 25,000 metric tons of carbon dioxide equivalent per year or more, with non-covered entities allowed to voluntarily participate. Entities emitting between 10,000 and 25,000 metric tons (including the Airport) are required to report stationary source emissions, but are not required to participate in the program. The California Cap-and-Trade Program, and additional State and local regulations related to climate change (including CARB’s Low Carbon Fuel Standard, California’s State Implementation Plan, the Sustainable Freight Action Plan, and regional GHG Emissions Reduction Targets) may require the airlines serving the Airport, other Airport tenants, and on-Airport operations to meet new compliance obligations that increase operational, utility and fuel costs (such as CARB’s adoption of a requirement for all airport shuttles to be zero emission by 2035 and its similar proposed regulations regarding ground support equipment). In some cases, these policies provide financial incentives for GHG reduction or air quality improvements through expanded or improved infrastructure and/or vehicle electrification or alternative fuels replacement. In other cases, they prevent the airport, equipment owner, or operator from accessing grants where a key eligibility requirement is that an investment must be voluntary. Additional regulations on a State and local level are pending and foreseeable (including expanding emissions mitigation measures aimed at commercial airports).

See “AIRPORT ENVIRONMENTAL MATTERS—Air Quality and Carbon Management Plan” for a discussion of the Airport Authority’s plans to reduce GHG emissions at SAN.

The Airport Authority is unable to predict what federal and/or state laws and regulations with respect to GHG emissions will be adopted, or what effects such laws and regulations will have on airlines serving SAN or on SAN operations. The effects, however, could be material.

Possible Sea-Level Rise. SAN is located less than 100 yards from San Diego Bay, which is located approximately two miles from the Pacific Ocean. It is anticipated that the San Diego area, including SAN, will be exposed to rising sea levels as a result of climate change. In April 2017, the California Ocean Protection Council released an update on sea level rise science entitled “*Rising Seas in California: An Update on Sea-level Rise Science*.” The paper posits that sea level increases in the San Diego region by 2050 will likely be between 0.7 – 2.0 feet above historical levels. The paper was updated in March 2018 and expanded to include various sea level rise scenarios (coupled with 100-year storm surge events) through 2100 and their relative probability. These estimates guided additional flood modeling that was included in a new Climate Resilience Plan for SAN.

In 2015, the Airport Authority conducted a hydrologic and hydraulic base model of runoff and discharges from Airport watersheds for both existing and future conditions in multiple storm scenarios. The assessment concluded that certain of the Airport's most critical infrastructure, such as the runway, the majority of the taxiways and the air traffic control tower, did not appear to face major risk of flooding, even in scenarios that account for future sea level rise. This assessment was expanded with the development of a Climate Resilience Plan in 2019. The plan formally evaluated SAN's vulnerability to potentially higher sea levels, more intense rainfall, and more extreme heat and identifies strategies to address predicted climate conditions through the end of the century. The plan's strategies are generally grouped around the following goals: (1) reduce risks associated with climate change to ensure business continuity, and to maintain a quality passenger experience; (2) integrate climate resilience into airport operations and development decisions; and (3) provide regional and industry leadership in climate resilience. The Airport Authority also is a member of the San Diego Regional Climate Collaborative, providing interagency coordination on how to address and implement actions to address the impacts of climate change in the region.

The Airport Authority now requires all new development projects to be screened for potential impacts created by climate change. It has already raised the elevation of new facilities (the new Administration Building and the Airline Support Building) where modeling had indicated the potential for future coastal flooding, and the New Terminal 1, the new Terminal 1 Parking Plaza and roadways being constructed as part of the New T1 have been sited and designed to be resilient to potential sea level rise conditions in Year 2100.

The Airport Authority is unable to predict whether sea-level rise or other impacts of climate change will occur while the Senior Series 2025 Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Revenues.

Ability To Meet Rate Covenant

As discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Senior Rate Covenant," the Airport Authority has covenanted in the Master Senior Indenture to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the rate covenant set forth in the Master Senior Indenture is met. In addition to Net Revenues, the Airport Authority has in the past, and expects to in the future, to use PFCs to pay debt service on the PFC Eligible Bonds. Additionally, the Airport Authority also has used other non-Revenues to pay the Operation and Maintenance Expenses of the Airport System and the debt service on the Senior Bonds and the Subordinate Obligations. If PFCs or other non-Revenues are used to pay principal of and/or interest on Senior Bonds and/or Subordinate Obligations or Operation and Maintenance Expenses of the Airport System, such amounts are excluded from the calculation of debt service on such Senior Bonds and Subordinate Obligations and the Operation and Maintenance Expenses of the Airport System; thus decreasing debt service and Operation and Maintenance Expenses of the Airport System and increasing debt service coverage for purposes of the rate covenants under the Master Senior Indenture and the Master Subordinate Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Use of PFCs to Pay Debt Service." Also see "—Availability of PFCs" above.

If Net Revenues were to fall below the levels necessary to meet the rate covenant set forth in the Master Senior Indenture, the Master Senior Indenture provides for procedures under which the Airport Authority would retain and direct a Consultant to make recommendations as to the revision of the Airport Authority's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Airport Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Airport Authority is required to take all lawful measures to revise the schedule of rentals, rates, fees and

charges as may be necessary to meet the rate covenant. Increasing the schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Airport Authority in connection with the Airport System is subject to contractual, statutory and regulatory restrictions (see “—Regulations and Restrictions Affecting SAN” above). Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of SAN could have a detrimental impact on the operation of SAN by making the cost of operating at SAN unattractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of SAN.

Enforceability of Remedies; Limitation on Remedies

As discussed above under “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Senior Events of Default and Remedies; No Acceleration,” there is no right to acceleration of payments to bondholders under the Senior Indenture, and bondholders may be required to make a separate claim for each semiannual payment not paid. Enforceability of the rights and remedies of the owners of the Senior Series 2025 Bonds, and the obligations incurred by the Airport Authority, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against State entities similar to the Airport Authority. Bankruptcy proceedings, or the exercise of powers by the Federal or State government, if initiated, could subject the owners of the Senior Series 2025 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Legal opinions to be delivered concurrently with the delivery of the Senior Series 2025 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Senior Series 2025 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors’ rights generally and by equitable remedies and proceedings generally.

Potential Limitation of Tax Exemption of Interest on Senior Series 2025 Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Senior Series 2025 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended (the “**Code**”), or court decisions may also cause interest on the Senior Series 2025 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Code or court decisions may also affect the market price for, or marketability of, the Senior Series 2025 Bonds. Prospective purchasers of the Senior Series 2025 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See “TAX MATTERS—Changes in Federal and State Tax Law.”

Risk of Tax Audit

The Internal Revenue Service (the “**IRS**”) includes a subdivision that is specifically devoted to tax-exempt bond compliance. If the IRS undertook an examination of the Senior Series 2025A Bonds and/or the Senior Series 2025B Bonds or other bonds issued by the Airport Authority as tax-exempt bonds, it may have a material adverse effect on the marketability or the market value of the Senior Series 2025 Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements”. When used in this Official Statement, the words “estimate,” “anticipate,” “forecast,” “project,” “intend,” “propose,” “plan,” “expect,” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. See “INTRODUCTION—Forward-Looking Statements.”

Any financial projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to the prospective financial information. The Airport Authority’s independent auditors have not compiled, examined, or performed any procedures with respect to the prospective financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The Airport Authority’s independent auditors have not been consulted in connection with the preparation of any financial projections contained in this Official Statement and the Airport Authority’s independent auditors assume no responsibility for its content.

AIRLINE INDUSTRY INFORMATION

Certain of the airlines or their parent corporations operating at SAN are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and, as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements can be inspected and copies obtained at prescribed rates in the Public Reference Room of the SEC at 100 F Street, NE, Room 1580, Washington, DC 20549. The SEC maintains a website at <http://www.sec.gov> containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the DOT. Such reports can be inspected at the following location: Bureau of Transportation Statistics, Research and Innovation Technology Administration, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590, and copies of such reports can be obtained from the DOT at prescribed rates.

Airlines owned by foreign governments or foreign corporations operating airlines (unless such foreign airlines have American Depositary Receipts registered on a national exchange) are not required to file information with the SEC. Airlines owned by foreign governments, or foreign corporations operating airlines, file limited information only with the DOT.

The Airport Authority undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed in the preceding paragraphs, including, but not limited to, updates of such information on the SEC’s website or links to other Internet sites accessed through the SEC’s website.

See also “CERTAIN INVESTMENT CONSIDERATIONS” for discussions regarding the financial condition of the airlines and the effects of airline bankruptcies on the Airport Authority.

LITIGATION AND EXAMINATIONS

No Litigation Relating to Senior Series 2025 Bonds

There is no litigation now pending or, to the best of the Airport Authority's knowledge, threatened which seeks to restrain or enjoin the sale, issuance or delivery of the Senior Series 2025 Bonds or in any way contests the validity of the Senior Series 2025 Bonds or any proceedings of the Board taken with respect to the authorization, sale or issuance of the Senior Series 2025 Bonds, the pledge or application of any moneys provided for the payment of or security for the Senior Series 2025 Bonds, or the use of the proceeds of the Senior Series 2025 Bonds.

Litigation Relating to the Airport Authority and SAN

There are a number of litigation matters pending against the Airport Authority for incidents at SAN. These claims and suits are of a nature usually incident to the operation of SAN and, in the aggregate, in the opinion of Airport Authority management, based upon the advice of the General Counsel to the Airport Authority, will not have a material adverse effect on the Revenues or financial condition of SAN. It should be noted that a portion of the claims relating to personal injuries and property damage are covered by a comprehensive insurance program maintained by the Airport Authority for SAN.

There are no material claims or litigation arising out of or challenging any federal fund or grants held by the Airport Authority to date.

See also "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023—NOTE 13. COMMITMENTS AND CONTINGENCIES."

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the Airport Authority, under existing laws, regulations, rulings and judicial decisions, interest on the Senior Series 2025 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Senior Series 2025B Bond for any period during which such Series Senior 2025B Bond is held by a "substantial user" of the facilities financed by the Series Senior 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that (a) interest on the Senior Series 2025A Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals, and (b) interest on the Senior Series 2025B Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions described above assume the accuracy of certain representations and compliance by the Airport Authority with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Senior Series 2025 Bonds. Failure to comply with such requirements could cause interest on the Senior Series 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Senior Series 2025 Bonds. The Airport Authority has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Senior Series 2025 Bonds. Interest on the Senior Series 2025 Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Senior Series 2025 Bonds may otherwise affect the federal income tax liability of the owners of the Senior Series 2025 Bonds. The extent of these other tax

consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Senior Series 2025 Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Senior Series 2025 Bonds.

Bond Counsel is further of the opinion that, under the existing laws of the State, as presently enacted and construed, interest on the Senior Series 2025 Bonds is exempt from State individual income taxes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix E.

Tax Treatment of Original Issue Premium

The Senior Series 2025 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “**Premium Series 2025 Bonds**”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Series 2025 Bond over its stated redemption price at maturity constitutes premium on such Premium Series 2025 Bond. A purchaser of a Premium Series 2025 Bond must amortize any premium over such Premium Series 2025 Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Series 2025 Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Series 2025 Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Series 2025 Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Series 2025 Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Series 2025 Bond.

Backup Withholding

An owner of a Senior Series 2025 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Senior Series 2025 Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or

adversely affect the market value of the Senior Series 2025 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Senior Series 2025 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Senior Series 2025 Bonds or the market value thereof would be impacted thereby. Purchasers of the Senior Series 2025 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Senior Series 2025 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Senior Series 2025 Bonds are advised to consult their own tax advisors prior to any purchase of the Senior Series 2025 Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Senior Series 2025 Bonds.

RATINGS

Fitch Ratings and Moody's Investors Service, Inc. have assigned ratings of "AA-" (stable outlook) and "Aa3" (stable outlook), respectively, to the Senior Series 2025 Bonds. Such ratings reflect only the views of such organizations and any explanation of the meaning and significance of such ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, 33 Whitehall Street, New York, NY 10004; and Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings are not a recommendation to buy, sell or hold the Senior Series 2025 Bonds. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Senior Series 2025 Bonds.

LEGAL MATTERS

The validity of the Senior Series 2025 Bonds and certain other legal matters are subject to the approving opinions of Kutak Rock LLP, Bond Counsel to the Airport Authority. A complete copy of the proposed form of Bond Counsel's opinion is contained in Appendix E attached hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the Airport Authority by the General Counsel to the Airport Authority. Certain legal matters with respect to this Official Statement will be passed upon by Kutak Rock LLP, Disclosure Counsel to the Airport Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with respect to the issuance of the Senior Series 2025 Bonds are contingent upon the issuance and delivery of the Senior Series 2025 Bonds. Bond Counsel, Disclosure Counsel and Underwriters' Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

UNDERWRITING

The Senior Series 2025A Bonds will be purchased by BofA Securities, Inc., Samuel A. Ramirez & Co., Inc., Academy Securities, Inc., Jefferies LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, and Stern Brothers & Co. (collectively, the “**Underwriters**”), from the Airport Authority at a price of \$166,123,726.79 (which consists of the par amount of the Senior Series 2025A Bonds, plus an original issue premium of \$10,661,638.15, less an underwriters’ discount of \$352,911.36), subject to the terms of the purchase contract (the “**Purchase Contract**”), between BofA Securities, Inc., as representative of the Underwriters, and the Airport Authority.

The Senior Series 2025B Bonds will be purchased by the Underwriters, from the Airport Authority at a price of \$653,976,567.20 (which consists of the par amount of the Senior Series 2025B Bonds, plus an original issue premium of \$26,745,340.25, less an underwriters’ discount of \$1,403,773.05), subject to the terms of the Purchase Contract.

The Purchase Contract provides that the Underwriters will purchase all of the Senior Series 2025 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Senior Series 2025 Bonds set forth on the inside of the front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Senior Series 2025 Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the cover hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Airport Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Airport Authority.

The following four paragraphs have been provided by BofA Securities, Inc., Academy Securities, Inc., Morgan Stanley & Co. LLC, and RBC Capital Markets, LLC, respectively for inclusion in this Official Statement and the Airport Authority does not make any representation as to their accuracy or completeness.

BofA Securities, Inc., an underwriter of the Senior Series 2025 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“**MLPF&S**”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Senior Series 2025 Bonds.

Academy Securities, Inc. (“**Academy Securities**”), an underwriter of the Senior Series 2025 Bonds, has entered into third-party distribution agreements with various dealers for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these third-party distribution

agreements, Academy Securities may share a portion of its underwriting compensation with the respective dealers.

Morgan Stanley & Co. LLC, an underwriter of the Senior Series 2025 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Senior Series 2025 Bonds.

RBC Capital Markets, LLC (“**RBCCM**”), an underwriter of the Senior Series 2025 Bonds, has entered into a distribution arrangement with its affiliate City National Securities, Inc. (“**CNS**”). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the Senior Series 2025 Bonds.

RELATED PARTIES

BofA Securities, Inc., one of the Underwriters of the Senior Series 2025 Bonds, and Bank of America, N.A., which is the provider of the revolving line of credit under the Subordinate Credit Agreement and the holder of the Subordinate Revolving Obligations, are both wholly-owned, indirect subsidiaries of Bank of America Corporation.

MUNICIPAL ADVISOR

The Airport Authority has retained the services of Frasca & Associates, LLC, New York, New York, as Municipal Advisor in connection with the issuance of the Senior Series 2025 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

At the time of issuance of the Senior Series 2025 Bonds, the Airport Authority will execute and deliver a Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”), substantially in the form set forth in Appendix F of this Official Statement. Pursuant to the Continuing Disclosure Certificate, the Airport Authority will covenant to provide, or cause to be provided, to the MSRB, through the EMMA System, in an electronic format as prescribed by the MSRB, for purposes of Rule 15c2-12 adopted by the SEC (“**Rule 15c2-12**”), certain annual financial information and operating data relating to the Airport Authority and the Airport System and, in a timely manner, notice of certain enumerated events. See “APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

FINANCIAL STATEMENTS

The audited financial statements of the Airport Authority for Fiscal Years 2024 and 2023 are included as Appendix B attached hereto. The Airport Authority’s financial statements for Fiscal Year 2024 have been audited by Plante & Moran PLLC, the Airport Authority’s independent auditor, as stated in its Independent Auditor’s Report, dated October 31, 2024, included in Appendix B. Plante & Moran PLLC has not been engaged to perform, and has not performed, since the date of its Independent Auditor’s Report, any procedures on the financial statements addressed in its report. Plante & Moran PLLC also has not

performed any procedures relating to this Official Statement. The Airport Authority's financial statements for Fiscal Year 2023 were audited by Forvis, LLP, the Airport Authority's prior independent auditor.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not representations of fact. No representation is made that any of such opinions or estimates will be realized.

All references to the Act, the Senior Indenture, the Subordinate Indenture, the Airline Lease Agreements and agreements with any other parties herein and in the Appendices hereto are made subject to the detailed provisions of such documents, and reference is made to such documents and agreements for full and complete statements of the contents thereof. Copies of such documents are available for review at the offices of the Airport Authority which are located at 2417 McCain Road, San Diego, California 92101. This Official Statement is not to be construed as a contract or agreement between the Airport Authority and the owners of any of the Senior Series 2025 Bonds.

AUTHORIZATION

The Board has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the President and CEO on behalf of the Airport Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By /s/ Kimberly J. Becker
President/CEO

APPENDIX A

FINANCIAL FEASIBILITY REPORT

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Financial Feasibility Report

**San Diego County Regional Airport
Authority Senior Airport Revenue
Bonds, Series 2025**

June 9, 2025



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SECTION 1 | OVERVIEW OF THE AIRPORT

Financial Feasibility Report (the Report) evaluates the financial feasibility of the issuance of the San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the Senior Series 2025A Bonds), and the San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the Senior Series 2025B Bonds, and together with the Senior Series 2025A Bonds, the “Senior Series 2025 Bonds”). The Senior Series 2025 Bonds are being issued to (1) pay and/or reimburse the San Diego County Regional Airport Authority (the Airport Authority) for certain capital improvements at the San Diego International Airport (SAN or the Airport) associated with the New T1 program (as described in Section 1.3.1 below); (2) fund a portion of the interest accruing on the Senior Series 2025 Bonds and certain prior bonds; (3) make a deposit to the Senior Debt Service Reserve Fund (as defined herein); and (4) pay the costs of issuance of the Senior Series 2025 Bonds.

The Report is organized into the following sections:

- Section 1 describes the Airport Authority, the Airport, the Capital Program, and the funding plan for the Capital Program.
- Section 2 defines the Airport’s air service area and discusses relevant demographic and economic trends.
- Section 3 analyzes the historical aviation activity at the Airport and presents forecasts.
- Section 4 reviews the Airline Operating and Lease Agreement (AOLA), which became effective on July 1, 2019 and terminates June 30, 2029, and the airline rates and charges methodology contained therein.
- Section 5 reviews the framework for the financial operations of the Airport Authority. This section also reviews the recent historical financial performance of the Airport Authority. It examines the ability of the Airport Authority to generate sufficient Net Revenues and Subordinate Net Revenues (as defined herein) in each year of the forecast period to meet the obligations of the Master Senior Indenture and the Master Subordinate Indenture (as defined herein).

1.1 | The San Diego County Regional Airport Authority

The San Diego County Regional Airport Authority Act, codified in California Public Utilities Code Section 170000 et seq. (the Act), established the Airport Authority, a local governmental entity of regional government with jurisdiction throughout the County of San Diego (the County). The Airport Authority was created as an independent agency to manage the day-to-day operations of the Airport and to address the region’s long-term air transportation needs. Effective January 1, 2003, the operations and assets of the Airport were transferred from the San Diego Unified Port District (the Port District) to the Airport Authority. The legislation that created the Airport Authority mandates the following three main responsibilities for the Airport Authority: (1) operate the Airport; (2) plan for the future air transportation needs of the region; and (3) serve as the

region's Airport Land Use Commission, and thereby ensure the adoption of land use plans that protect public health and safety surrounding all 16 of the County's airports.

The Airport Authority is governed by a nine-member board of directors (the Board) representing all areas of the County, and three additional members serving as non-voting, ex-officio board members. Board members serve three-year terms and may be reappointed. The Act specifies the appointment of the members of the Board as follows: the Mayor of the City of San Diego appoints three members (two of which are subject to confirmation by the City Council); the Chair of the County of San Diego Board of Supervisors appoints two members (subject to confirmation by the Board of Supervisors); the mayors of the east county cities (El Cajon, Lemon Grove, La Mesa, and Santee) appoint one member; the mayors of the north county coastal cities (Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach) appoint one member; the mayors of the north county inland cities (Poway, Escondido, Vista, and San Marcos) appoint one member; and the mayors of the south county cities (Coronado, Imperial Beach, Chula Vista, and National City) appoint one member. The individuals who are appointed by the Governor of the State of California to occupy the offices of the District Director of the State Department of Transportation for the San Diego region and the State Department of Finance representative for the State Lands Commission are ex-officio non-voting members of the Board. One additional non-voting ex-officio member of the Board is chosen by the United States Navy and the United States Marine Corps.

The Airport Authority holds public meetings of the full Board once a month and periodic meetings of several standing committees. The standing committees, which were formed to better address key policy areas and develop items for consideration by the full Board, include the following: Executive Committee; Executive Personnel and Compensation Committee; Finance Committee; Audit Committee; and Capital Improvement Program Oversight Committee.

Kimberly Becker was appointed Airport Authority President and CEO/Executive Director (President/CEO) effective May 1, 2017. Ms. Becker has overall responsibility for the management, administration, and planning of the Airport Authority. Ms. Becker has an experienced staff to aid her in carrying out the responsibilities of the position, including the vice presidents who head the various Airport Authority divisions. The President/CEO, Chief Auditor, and General Counsel are appointed by the Board.

1.2 | San Diego International Airport

The Airport serves the San Diego-Carlsbad, California, Metropolitan Statistical Area (San Diego MSA), which consists of San Diego County. Covering 661 acres, the Airport is located three miles northwest of downtown San Diego, adjacent to U.S. Interstate 5 and the San Diego Bay.

The Federal Aviation Administration (FAA) classifies SAN as a large-hub airport, a category that includes airports with 1 percent or more of U.S. annual domestic enplanements. During the Airport Authority's Fiscal Year ended June 30, 2024 (FY2024), SAN served approximately 12.5 million enplaned passengers. More details regarding recent trends in economic conditions and air traffic activity at SAN are provided in Sections 2 and 3 of this Report.

The operations and improvements at SAN are funded by airport user charges, concession fees, rents, Passenger Facility Charges (PFCs), bond funds, rental car Customer Facility Charges (CFCs), and funds received from the FAA and the Transportation Security Administration (TSA). No general tax fund revenues are used to operate or maintain the Airport.

1.2.1 | Airfield

SAN is the busiest single-runway commercial airport in the nation, based on passenger levels. The Airport was originally dedicated as the “San Diego Municipal Airport – Lindbergh Field” on August 16, 1928. It became the first federally certified airfield to serve all aircraft types, including seaplanes, in 1934. The Airport’s infrastructure was improved after the U.S. Army Air Corps took over the Airport in 1942 to support the military’s war efforts during World War II. Improvements included the construction of an 8,750-foot runway, which has since been expanded to 9,401 feet. In addition to the runway, the airfield includes one taxiway on the south side of the runway (Taxiway B) and a series of taxiways on the north side of the runway, including Taxiway C. The airfield also includes ancillary taxiways that provide runway and terminal access, and aprons that provide aircraft parking.

Conditions at SAN make the expansion of the existing runway or the addition of a second runway difficult. Obstacles to runway expansion include significant geographic obstructions, including high terrain to the northeast and southwest of the Airport, as well as manmade obstructions, such as office buildings, to the northeast, east, and southeast of the Airport. Other obstacles to runway expansion include major land acquisition requirements, extensive infrastructure impacts, resident opposition, and increased noise impacts. However, airfield capacity is not expected to be a limiting factor within the forecast period of this Report, as discussed in Section 3. According to the Airport’s master planning effort, runway congestion is anticipated to occur when annual commercial aircraft operations reach between 262,000 and 292,000. Annual commercial aircraft operations totaled approximately 199,000 in FY2024 and are projected to reach approximately 223,000 in FY2031 under the base air traffic forecast presented in Section 3, which is well below the level indicated for runway congestion. In addition to the restrictions to the physical capacity of the Airport’s airfield, there are direct restrictions on operations relating to a curfew imposed on the Airport. See Section 3 for a further discussion of these constraints.

1.2.2 | Passenger Terminals

The Airport has two passenger terminals (Terminal 1 and Terminal 2), which together contain a total of 51 gates (currently 46 gates are operational due to ongoing construction). Terminal 1, which opened in 1967, contains 19 gates. Terminal 2, which contains 32 gates, consists of Terminal 2 East, with 13 jet gates, and Terminal 2 West, with 19 jet gates. Terminal 2 East opened in July 1979. Terminal 2 West, which originally opened in 1998, was modernized/re-developed in August 2013. The baggage claim for all of Terminal 2 (East and West) is located in Terminal 2 West. Approximately 63 dining and shopping options are available in the passenger terminals.

The Airport Authority’s capital program (the Capital Program) includes the construction of a new terminal (the new Terminal 1 building) to replace the existing Terminal 1, along with certain airfield enhancements and roadway and parking improvements, and a new administration building

for the Airport Authority, which was completed in October 2023. These planned facilities are described in more detail in Section 1.3 below.

1.2.3 | Landside Facilities

Approximately 6,400 public parking spaces, operated by the Airport Authority, are currently available at the Airport, including (a) 3,216 parking spaces located in the Terminal 2 Parking Plaza that opened in 2018 and two adjacent surface lots, (b) Phase 1 of the New T1 parking structure which opened in August 2024 and contains 2,824 parking spaces (c) 98 spaces in a free cell phone lot located west of Terminal 2 and (d) 265 valet parking spaces are offered with curbside drop-off in front of Terminals 1 and 2. Phase 2 of the New T1 Parking plaza, which is expected to be completed by the end of June 2025, will add approximately 2,400 spaces. Upon completion of the New T1, there will be approximately 8,800 public parking spaces, operated by the Airport Authority, available at the Airport. The Airport Authority also operates employee lots on Pacific Highway and McCain Road with approximately 1,993 available spaces.

The Capital Program also includes a replacement shuttle hold lot for Rental Car and terminal buses. This will encompass 3.16 acres of property the Airport Authority partially owns and leases from the Port District located to the east of the Airport. It will include a 3,794 sq ft maintenance building Phase 1 opened in Fall 2023 and Phase 2 is expected to open in early 2026.

Roadway access to the Airport is via two independent entrance roadways for Terminal 1 and Terminal 2, both from North Harbor Drive. The Airport terminal roadway system includes a one-level roadway for Terminal 1 and a two-level roadway for Terminal 2, which separates departing and arriving passengers. The Capital Program includes the construction of a two-level roadway for the new Terminal 1 building, a dedicated on-airport roadway, an area set aside for a transit station, and other Airport roadway improvements, as described below.

1.2.4 | Other Facilities

The north airfield area contains various other facilities, including an air traffic control tower; an Airport Rescue and Fire Fighting (ARFF) facility; a cargo ramp; a fuel farm; a receiving and distribution center for food, beverage, retail, and other goods; the Airport Authority's Facilities Maintenance and warehouse facilities; a Rental Car Center (RCC) that houses most of the rental car companies in a single building with a 5,400-space parking garage; a Fixed Base Operator (FBO) facility, which includes a terminal, a ramp, and five hangars; and associated roadways, including a roadway linking the Northside with the passenger terminals, for rental car and parking shuttle buses.

The Airport Authority's administration offices were the first of three components of the New T1 project to be completed in October 2023. The 135,000 square-foot, four-story office building is located on the southwest corner of the Airport's campus. The building has been recognized for its sustainability and energy efficiency and it was recently awarded the Gold certification under the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) rating system.

In July 2021, the Airport Authority opened new belly cargo and airline provisioning facilities at the Airport. This new facility, known as the Airline Support Building (ASB), is located on the south side of the airfield and replaced aging facilities that were demolished to enable the development of the planned new Terminal 1 building.

1.3 | Capital Program Estimated Costs and Funding Plan

The Airport Authority's Capital Program is a rolling five-year program that provides for critical improvements and asset preservation for the Airport Authority. The Capital Program contains two main components: (1) the New T1 program that consists of the replacement of the current Terminal 1 with a larger, more efficient facility, certain airfield enhancements and roadway and parking improvements (see "New T1" in subsection 1.3.1 below), and (2) the Capital Improvement Program (the CIP) that addresses airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements. The New T1 is expected to be designed and constructed through Fiscal Year 2028, and the CIP projects are anticipated to be completed between Fiscal Years 2026 through 2030. The Capital Program was approved by the Board on June 5, 2025, and has a budgeted cost of \$4.523 billion, of which approximately \$3.834 billion is the budgeted cost of the New T1.

1.3.1 | The New T1

In 2012, the Authority embarked on a new master-planning effort for SAN known as the "New T1" (previously known as the "Airport Development Plan"), to identify the facilities needed to meet the Airport's anticipated passenger demand through 2035. Between Fiscal Years 2015 and 2019, SAN had record-breaking growth with approximately 24.7 million passengers being served in Fiscal Year 2019, representing a Compound Annual Growth Rate of 6.2% between 2015 and 2019. In FY2024, SAN fully recovered from the global pandemic and recorded approximately 24.6 million passengers. Activity levels at the Airport are estimated to surpass 34 million passengers and 287,000 aircraft operations in 2035, based on the aviation planning forecast completed by the Airport Authority in April 2025 as part of the Northside Airfield and Facility Advanced Planning and Improvements Study. The cornerstone of the New T1 is the replacement of Terminal 1, which is over 50 years old, with a modern, comfortable, and efficient terminal facility. The new T1 will have 30 gates (11 more gates than the existing Terminal 1) and will be able to accommodate both narrow-body and wide-body aircraft. The terminal building layout design was developed to accommodate existing and projected airline fleet mix requirements, including additional Airplane Design Group (ADG) III, IV, and V gates that will support future expansions in the airline fleet mix at SAN. The New T1 will also include three Multi Aircraft Ramping Stands (MARS) gates, each of which will be able to accommodate two aircraft simultaneously, thus improving the management of gate allocations based on peak periods that may involve larger aircraft.

The New T1 will be served by a dual-level curbside, a new close-in parking structure (approximately 5,220 parking spaces), and new entry and circulation roadways. Phase 1 of the parking structure opened in the fall of 2024 and contains 2,824 new parking spaces. Phase 2 of the parking structure is anticipated to be completed by the end of June 2025 with approximately 2,396 additional spaces. Upon completion of the New T1, there will be approximately 8,800 public parking spaces available and operated by the Airport Authority. Other features of the New T1 will

include an expansive security checkpoint with 13 lanes for faster passenger throughput; a post-security outdoor patio area with views of the San Diego Bay and downtown San Diego; at least one airline and one common use lounge; and the preservation of space for a future transit station. The New T1 includes multiple airfield improvements, such as a new apron area for the new terminal, a new full-length Taxiway A, relocation of Taxiway B, and reconfigured Remain Overnight (RON) aircraft parking positions. The New T1 also includes the Airport Authority's Administration Building, which was completed in October 2023.

As stated above, the total cost of the New T1 is currently budgeted by the Airport Authority to be \$3.834 billion. In January 2024, the Board authorized Staff to execute a Guaranteed Maximum Price (GMP) not to exceed \$3.007 billion for the design and construction of the Terminal and Roadways Component. The GMP was executed in February 2025 for \$2.989 billion. The GMP secures the price for design and construction and includes allocations for known and unknown risks inclusive of moderate cost escalation. With completion of the project currently at over 65% and with over 98% of trade packages under contract, the risk of cost impacts to the project from future market fluctuations has been significantly mitigated. Additionally, the Airport Authority has \$113.7 million remaining in the program contingency, further reducing the risk of any unforeseen conditions.

The New T1 consists of three components: (1) Terminal and Roadways (the Terminal and Roadways Component), (2) Airside Improvements (the Airside Component), and (3) Administration Building (the Administration Building Component). The Approved Budgets (including owners allowances and contingencies) are approximately \$3.241 billion for the Terminal and Roadways Component; approximately \$354.1 million for the Airside Component ; and approximately \$106.8 million for the Administration Building Component. The Administration Building component is in close out, and the final cost is expected to be \$106.8 million. In addition to the approved budgets for the Terminal and Roadways Component, the Airside Component, and the Administration Building Component, the adopted budget for the New T1 includes the costs for the shuttle lot relocation project (approximately \$18.2 million) and additional program contingencies of \$113.7 million.

The New T1 is being procured utilizing "progressive design-build" and "design-bid-build" delivery methods. The Terminal and Roadways Component is being undertaken pursuant to a Progressive Design-Build Agreement (the Terminal and Roadway Agreement) between the Airport Authority and Turner-Flatiron, A Joint Venture (the Terminal and Roadway Contractor). The Airside Component was designed by Jacobs Engineering Group, Inc., and will be built by Griffith Company (the Airside Contractor). The Administration Building Component was designed and built by Sundt Construction, Inc. (the Administration Building Contractor).

A Fault Hazard Study prepared in support of the New T1 development identified and surveyed a seismic fault line that runs east of the New T1 project site. Based on the findings of that study, the terminal has been located outside of the zone of active faulting, with an additional structural setback of 25 ft.

To address the terminal's proximity to the fault zone, the New T1 has been designed and constructed to meet the Airport Authority's Design and Construction Standards and the structural

codes and standards identified by the California Building Code (CBC) and City of San Diego that address seismic resiliency. In addition to the codes and standards followed during terminal development, Caltrans Seismic Design Criteria (SDC) were followed to address the connected bridging system's seismic resiliency.

Construction activities for the New T1 began in November 2021. Construction on the administration building was completed in October 2023, and the first phase of the New T1 (19 gates) is expected to open in September 2025. In early 2026, a further three gates are expected to be operational. The full completion of the new facility (30 gates) and associated roadway and airfield improvements is expected in early 2028.

Table 1 summarizes the estimated costs of the Capital Program, including the New T1, as discussed above. The capital projects estimated to cost \$10 million or more are listed individually, and all projects that are estimated to cost less than \$10 million are grouped together in the line labeled "All Other Projects." A map showing the location of the New T1 on Airport property and sample conceptual diagrams of the New T1 are presented in Figures 1 through 7 at the end of Section 1.

1.3.2 | Capital Funding Program Sources

The Airport Authority expects to finance the costs of the Capital Program from various sources, including, but not limited to, the proceeds of the Senior Series 2025 Bonds; proceeds of the Subordinate Series 2023 Bonds; proceeds of the Subordinate Series 2021A/B Bonds; proceeds of the Subordinate Series 2019 Bonds; proceeds from a future financing; FAA Airport Improvement Program (AIP) grants and Bipartisan Infrastructure Law (BIL) grants; Passenger Facility Charges (PFCs); Airport Authority funds; monies from the Major Maintenance Fund; and Other Funds (other sources, as described below). With the issuance of the Senior Series 2025 Bonds, no future financings will be required to complete the funding of the New T1.

The estimated funding sources of the Capital Program, presented in Table 1, are described below.

The Senior Series 2025 Bonds

For purposes of the Report, we have assumed that \$852.4 million of Senior Series 2025 Bonds will be issued by the Airport Authority and that approximately \$720.0 million of proceeds of the Senior Series 2025 Bonds will be used to pay costs of the New T1 Program (which amounts are based on preliminary estimates of the Airport Authority). The Airport Authority is finalizing the amount of Senior Series 2025 Bond proceeds (including interest earnings) needed to complete the New T1 Program, which could be less than \$720.0 million. If the Airport Authority determines that it requires less than \$720.0 million of Senior Series 2025 Bond proceeds to complete the New T1 Program, the actual amount of Senior Series 2025 Bonds issued by the Airport Authority will be less than \$852.4 million.

Prior Bond Proceeds

The Airport Authority is applying prior bond proceeds and interest earnings of approximately \$2.613 billion to project costs, including approximately \$930.0 million in proceeds from the Senior Series 2023A/B Bonds, \$1.499 billion in proceeds from the Subordinate Series 2021A/B Bonds and

\$127.1 million in proceeds from the Subordinate Series 2019 Bonds and the Subordinate Series 2017 Bonds.

Future Bond Proceeds

The Airport Authority plans to apply approximately \$157.2 million of future bond proceeds in 2028 to fund the Terminal 2E Connector project. No additional future bond proceeds are anticipated for funding the New T1 after the Senior Series 2025 bonds.

FAA AIP Grants and BIL Grants

Approximately \$371.0 million in funding from AIP grants, including AIP Letter of Intent (LOI) grants and BIL grants, is anticipated for the Capital Program. AIP entitlement funds are apportioned by formula each year to individual airports or types of airports. AIP discretionary funds are awarded by the FAA based on eligible projects' priority as determined by the FAA through the application of its National Priority System (NPS), with the highest priority given to projects to enhance airport safety and security. Approximately \$118.4 million in LOI grant funds have been awarded to the Airport Authority for airfield projects, including the construction of a new Taxiway A, the relocation of Taxiway B, and apron areas associated with the New T1.

Passenger Facility Charges (PFCs)

The Airport Authority has received approval from the FAA to collect and use a PFC on each eligible enplaning passenger at SAN, totaling approximately \$1.2 billion. The Airport Authority's approved PFC authority reflects 13 applications, plus related amendments¹. The Final Agency Decision received by the Airport Authority from the FAA for the Airport Authority's most recent PFC application estimates the charge expiration date to be April 1, 2040. The Airport Authority's funding plan includes approximately \$185,000 in PFCs to be applied on a "pay-as-you-go" basis to eligible project costs in the Capital Program. The Airport Authority plans to apply additional PFCs during the forecast period toward the payment of debt service on bonds, as described in Section 5.

Major Maintenance Fund

The current AOLA, which became effective on July 1, 2019, established a Major Maintenance Fund (MMF), the purpose of which is to fund capital projects in the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers and Capital Projects in Indirect Cost Centers to the extent allocable to such cost centers. The AOLA stipulates that each Fiscal Year, the Airport Authority will deposit \$40.0 million into the MMF, from the following revenue sources: \$15.0 million from the Airfield Area; \$15.0 million from the Terminal Area; and \$10.0 million from non-airline revenue. However, to mitigate the effect of this provision on airline rates and charges during the downturn in air traffic in FY2021, the Airport Authority reduced the FY2020 deposit to the MMF to \$30.0 million in FY2020, with \$10.0 million charged to the Airfield Area, \$10.0 million charged to the Terminal Area, and \$10.0 million from non-airline revenue sources. The MMF deposit in FY2021 and FY2022 was \$10.0 million each year, all from non-airline sources, with no

¹ Source: San Diego County Regional Airport Authority Annual Comprehensive Financial Report for Fiscal Years Ended June 30, 2024 and 2023.

charges to either the Airfield Area or the Terminal Area. Beginning in FY2023, the Airport Authority deposited \$50.0 million per year into the MMF, to make up the deposits that were deferred – with \$20.0 million charged to each of the Airfield Area and the Terminal Area, and \$10.0 million from non-airline revenue sources. The Airport Authority plans to continue this until FY2029. The airlines are required to pay these amounts as part of their landing fee and terminal rent obligations under the AOLA. The funding plan includes approximately \$84.8 million in funding from the Major Maintenance Fund.

Airport Authority Funds

Airport Authority funds are generated from Airport operations and are available after all the Airport Authority's financial obligations pursuant to the flow of funds specified in the Master Senior Indenture and the Master Subordinate Indenture are satisfied. The AOLA includes amortization charges in the airline rates and charges to reimburse the Airport Authority for capital project costs paid from Airport Authority funds. The financial analysis in Section 4 incorporates the amortization charges projected to be incorporated into the airline rate base, as projects funded with Airport Authority funds are completed. The Airport Authority plans to apply approximately \$557.7 million in Airport Authority funds to the Capital Program.

Other Funding Sources

Other funding sources anticipated for the Capital Program funding plan, which totals approximately \$18.5 million, are mainly composed of 1.) airline direct funding for the New T1 Terminal & Roadways Program of \$13.5 million; and 2.) \$3.5 million of airline direct funding from the fuel consortium, which is an airline consortium that operates the aircraft fueling system at the Airport. Pursuant to an agreement between the Airport Authority and the airline fuel consortium, the consortium agreed to fund fuel-related projects at the Airport. A further \$1.5 million is expected from 3rd parties.

Table 1 | Estimated Capital Program Costs and Funding Plan

Project Name	Total	Series 2025 Bonds ¹	Prior Bonds ¹	Future Bonds	AIP and BIL Grants	PFCs	Major Maintenance Fund	Airport Authority Funds	Other Funding
New T1 Program	\$ 3,834,300,000	\$ 719,990,070	\$ 2,478,305,166	\$ -	\$ 310,489,829	\$ -	\$ -	\$ 312,023,456	\$ 13,491,479
Capital Improvement Program									
Terminal 2E Connector	180,000,000	-	-	157,193,502	22,806,498	-	-	-	-
Acquire RCC Buses	36,000,000	-	-	-	6,000,000	-	-	30,000,000	-
Solid & Liquid Waste Facilities	35,000,540	-	25,450,270	-	-	-	-	9,550,270	-
CIP Support	34,044,236	-	-	-	-	-	-	34,044,236	-
Offsite Intersection/Roadway Segment Improvements	33,600,000	-	33,600,000	-	-	-	-	-	-
Rehabilitate Taxiways	31,200,000	-	-	-	17,980,856	-	-	13,219,144	-
Expand/Remodel T2E- Program Level Scope Definition/Design	29,100,000	-	-	-	-	-	5,839,926	23,260,074	-
Modernize Baggage Handling Sys. & Mus in T2E	27,370,000	-	1,248,000	-	-	-	21,672,000	4,450,000	-
Terminal 2E Lounge	24,000,000	-	-	-	-	-	24,000,000	-	-
Perimeter Fencing Enhancements and PIDS Realignment	23,473,000	-	-	-	-	-	-	23,473,000	-
FY26 Capital Allowance	20,000,000	-	-	-	-	-	-	20,000,000	-
Airport Electrical Infrastructure Expansion	18,200,000	-	-	-	-	-	-	18,200,000	-
Northside Apron Improvements	15,200,000	-	9,014,886	-	-	-	161,217	6,023,897	-
T2W Restroom Upgrades	11,600,000	-	-	-	-	-	-	11,600,000	-
Replace Passenger Boarding Bridges	10,368,990	-	5,152,461	-	-	185,001	5,031,528	-	-
Subtotal - Projects over \$10 Million Dollars	\$ 529,156,766	\$ -	\$ 74,465,617	\$ 157,193,502	\$ 46,787,354	\$ 185,001	\$ 56,704,671	\$ 193,820,621	\$ -
All Other Projects	159,390,518	-	60,764,015	-	13,732,153	-	28,081,483	51,812,867	5,000,000
Total Capital Improvement Program	\$ 688,547,284	\$ -	\$ 135,229,632	\$ 157,193,502	\$ 60,519,507	\$ 185,001	\$ 84,786,154	\$ 245,633,488	\$ 5,000,000
Total - All Projects	\$ 4,522,847,284	\$ 719,990,070	\$ 2,613,534,798	\$ 157,193,502	\$ 371,009,336	\$ 185,001	\$ 84,786,154	\$ 557,656,944	\$ 18,491,479

Source: The San Diego County Regional Airport Authority.

¹ Includes Construction Fund earnings.

² Approximately \$720.0 million of the Senior Series 2025 Bonds proceeds will be used to pay costs of the New T1 Program (the amounts are based on preliminary estimates of the Airport Authority). The Airport Authority is finalizing the amount of Senior Series 2025 Bond proceeds (including interest earnings) needed to complete the New T1 Program, which could be less than \$720.0 million. If the Airport Authority determines that it requires less than \$720.0 million of Senior Series 2025 Bond proceeds to complete the New T1 Program, the actual amount of Senior Series 2025 Bonds issued by the Airport Authority will be less than \$852.4 million.

Figure 1 | Map of New T1 on Airport Property



-  Terminal Roadways
-  Airside Improvements
-  Administration Building
-  Future Transit Station

Figure 2 | New T1 Sitework

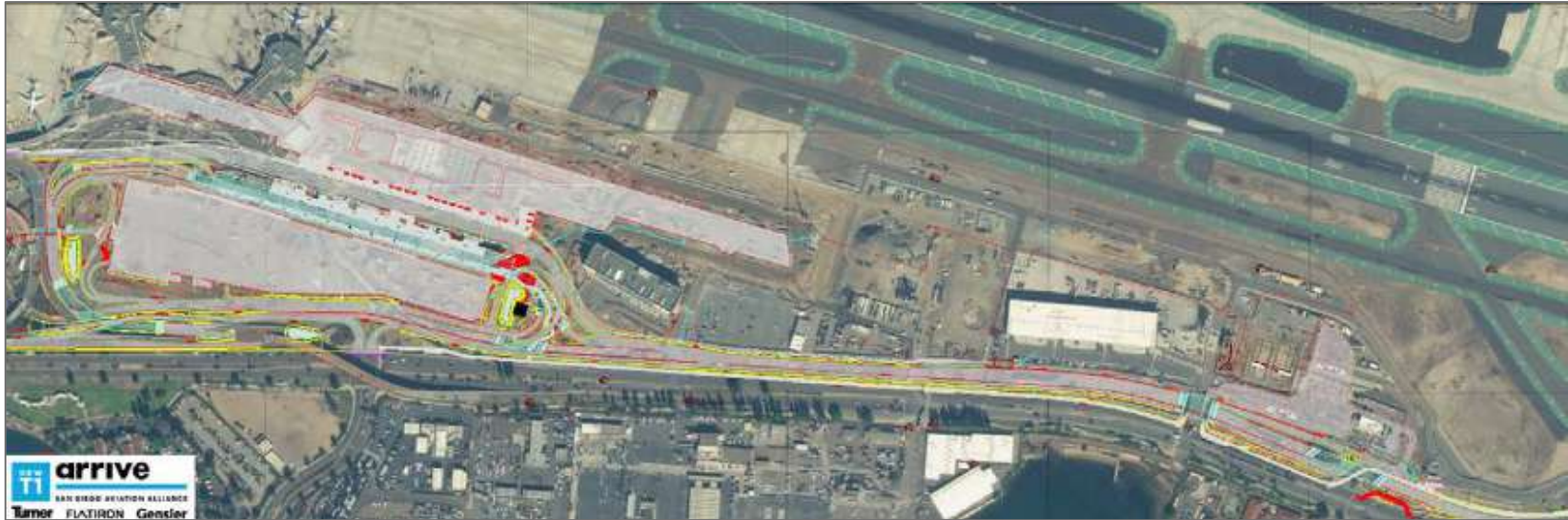


Figure 3 | New T1



Figure 4 | Arrivals Road at T1



Figure 5 | New T1 Ticket Lobby



Figure 6 | New T1 Baggage Claim Lobby



SECTION 2 | ECONOMIC ENVIRONMENT

The financial feasibility of the San Diego County Regional Airport Authority's Senior Series 2025 Senior Airport Revenue Bonds is fundamentally tied to the Airport's ability to generate sufficient passenger traffic and associated revenue. This section examines the demographic and economic factors that drive demand for air service at San Diego International Airport.

As a predominantly origin and destination (O&D) airport, the demand for air transportation services at SAN is fundamentally shaped by the economic vitality of its service area and broader macroeconomic trends. This analysis evaluates demographic attributes, economic characteristics, tourism activity, and macroeconomic forecasts to establish a foundation for analyzing and forecasting aviation activity and financial performance. The analysis is structured across three geographic levels—San Diego-Chula Vista-Carlsbad, CA, Metropolitan Statistical Area (San Diego MSA), the state of California, and the United States—to provide comprehensive context for understanding the Airport's market position and growth potential amid evolving economic conditions.

2.1 | Airport Service Area

The Airport's primary air service area is the San Diego MSA, which consists of San Diego County. SAN is adjacent to the City of San Diego's central business district, less than two miles from downtown. While San Diego County encompasses a large area, most of the population lives in the western quarter, in a south-north band from the Mexican border to Camp Pendleton along the Pacific Coast.

SAN operates in relative isolation as the only major commercial service airport in the San Diego MSA (Figure 8). While other airport options exist around the area, they do not compete on the same level as SAN due to their small size and more limited service. The closest is Mexico's Tijuana International Airport (TIJ), which is at least a 30-minute drive from SAN and accessed through the Cross Border Express. TIJ serves the Mexican domestic market. The next closest is McClellan-Palomar Airport (CRQ), about a 45-minute drive north. However, CRQ, only has limited passenger service from two public charters, JSX (since 2023) and Advanced Air (since 2021), and recently restarted limited commercial service from American Airlines.

Within a 2.5-hour drive (depending on road traffic) are eight other Southern California commercial service airports:

- Large hub Los Angeles International Airport (LAX).
- Medium hubs John Wayne Airport (SNA), Hollywood-Burbank Airport (BUR), and Ontario International Airport (ONT).
- Small hubs Long Beach Airport (LGB) and Palm Springs International Airport (PSP).

- Nonhubs San Bernardino International Airport (SBD) and Imperial County Airport (IPL) provide minimal passenger air service.²

Figure 7 | SAN Air Service Area and Alternative Commercial Service Airports



Sources: Esri, FAA, and Unison Consulting Inc.

² See Table 2 for FAA commercial service airport hub classifications.

Table 2 provides details on SAN, TIJ, and the six other Southern California hub airports. In CY2024, SAN reached about 1 percent above its CY2019 enplanement levels—not as far ahead of its pre-pandemic level as most other Southern California airports, but much further than its fellow large hub, LAX, which remains 12.2 percent below its CY2019 level. However, most of these listed airports do not pull much away from SAN’s market, as most San Diego County residents south of Oceanside do not drive north to fly largely because of the notable driving time and common traffic congestion.

Table 2 | SAN and Alternative Commercial Service Hub Airports

Airport Information				Distance from SAN		Enplanements			2024 Nonstop Destinations
Name	State	Code	FAA Hub	Miles	Drive Time	CY2019	CY2024	2019-2024 Change	
San Diego	CA	SAN	Large	0	N/A	12,624,938	12,757,656	1.1%	85
Tijuana*	MEX	TIJ	N/A	23	30 min	6,162,300	6,272,900	1.8%	N/A
John Wayne	CA	SNA	Medium	87	80 min	5,150,370	5,321,669	3.3%	50
Long Beach	CA	LGB	Small	105	90 min	1,748,940	2,027,153	15.9%	36
Ontario	CA	ONT	Medium	115	110 min	2,717,456	3,489,402	28.4%	32
Los Angeles	CA	LAX	Large	126	120 min	42,939,973	37,704,119	-12.2%	209
Palm Springs	CA	PSP	Small	132	140 min	1,307,413	1,615,910	23.6%	38
Burbank	CA	BUR	Medium	134	120 min	2,985,436	3,269,003	9.5%	44

Sources: FAA, Google Maps, and Unison Consulting, Inc.

Distances are approximate, and the drive times assume free-flowing traffic. Actual drive times can be significantly longer during peak traffic. The driving distance and time to TIJ is to the Cross Border Express.

*TIJ enplanements are estimated as 50 percent of total passengers.

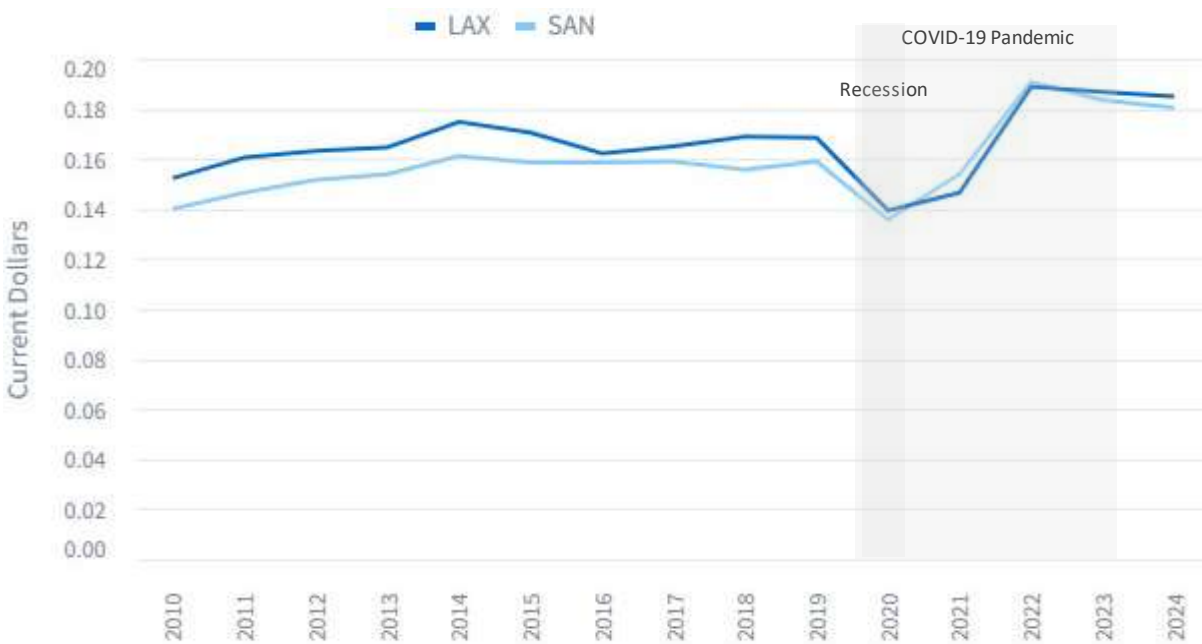
The FAA hub categories are as follows:

- Large hubs serve more than 1 percent of U.S. enplanements.
- Medium hubs serve 0.25-1.0 percent of U.S. enplanements.
- Small hubs serve 0.05-0.25.
- Nonhub airports serve less than 0.5 percent of U.S. enplanements and at least 2,500 enplanements annually.

Among Southern California airports, only LAX offers greater flight options than SAN. However, SAN's competitive position is enhanced by several factors beyond geographic convenience. SAN maintains fare competitiveness with LAX in domestic markets. Analysis of DOT domestic fare data for 2024 shows SAN's average passenger yield—average fare per mile traveled—was approximately 2 percent lower than LAX (Figure 9).

Service patterns also favor SAN's growth prospects. While LAX focuses increasingly on international connections and hubbing operations, SAN's predominantly O&D traffic (approximately 97 percent) provides airlines with higher-yield O&D passengers who are less sensitive to economic cycles than connecting passengers. This O&D strength has contributed to SAN's faster post-pandemic recovery compared to LAX, which remains 12.2 percent below 2019 enplanement levels due partly to slower international and connecting traffic recovery.

Figure 8 | Comparison of Average Passenger Yield at SAN and LAX, 2010-2024



Sources: Department of Transportation and Unison Consulting, Inc.

Access considerations further strengthen SAN's competitive position. Door-to-terminal time at SAN averages 25-40 minutes for most San Diego residents, compared to potential 2- to 3-hour access times to alternative Southern California airports. This time-cost advantage represents significant value to passengers especially those traveling for business.

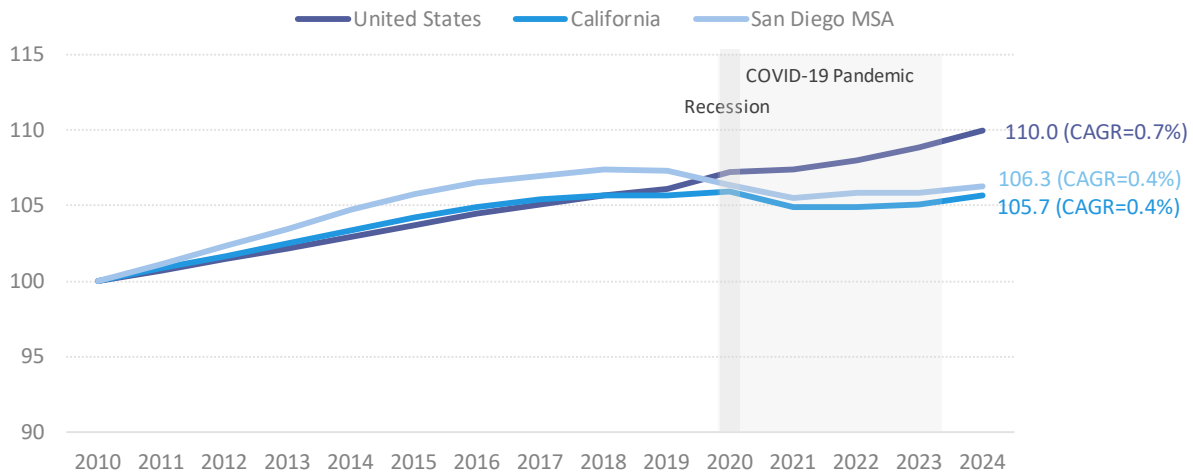
2.2 | Demographic Attributes

Demographics influence a region's workforce (supply) and consumer spending (demand), as well as its ability to attract visitors. Population size, growth, age distribution, immigration, and education levels determine the labor force's size, quality, and productivity. These demographic attributes, when combined with income characteristics, shape consumer demand. Residents create demand for airport services not only from their own travel but also from visiting family and friends.

2.2.1 | Population

In 2024, the population of the San Diego MSA was approximately 3.3 million, the 18th largest among the 387 MSAs in the United States. Since 2010, the San Diego MSA has experienced a modest population growth of 5 percent (0.4 percent CAGR), slightly higher than the state's growth but below the national average (Figure 10). This trend reflects not only the regional economic conditions but also broader demographic shifts, particularly recent migration patterns influenced by lifestyle preferences and economic opportunities.

Figure 9 | Population Index (2010=100), 2010-2024



Sources: U.S. Census Bureau and Unison Consulting, Inc.

During the COVID-19 pandemic, the U.S. experienced notable population migration trends influenced by factors such as remote work, housing affordability, and lifestyle changes. In 2020 and 2021, remote work allowed many individuals and families to move from densely populated urban areas to suburban and rural locations to have more living space and enjoy nature. Large cities experienced notable population losses, while suburban and rural areas saw population gains.³ By 2022 and 2023, some pandemic migration trends began to moderate, with some returning to cities, though many pandemic-era relocations appeared permanent as remote work policies stabilized.⁴

Between 2018 and 2024, the San Diego MSA lost approximately 33,700 residents (-1.0 percent), mostly during the pandemic in 2020 and 2021. San Diego's population loss was proportionately larger than California's (-0.2 percent) and contrasts with a moderate gain nationwide (+4.0 percent). San Diego's population has since resumed a slow upward trend similar to the statewide trend.

2.2.2 | Population Age

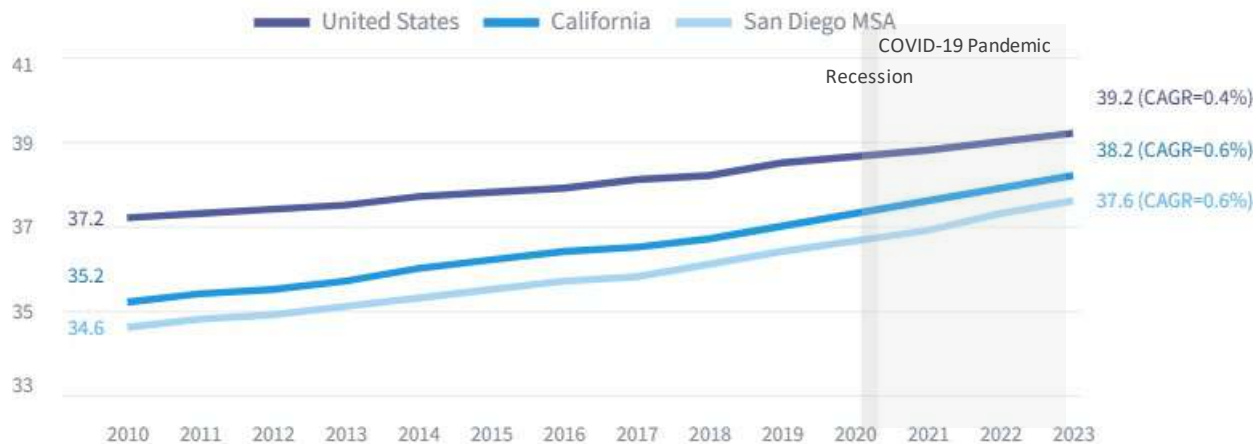
Overall, the San Diego MSA has a younger population, with a median age of 37.6 years, compared to California (38.2 years) and the nation (39.2 years) (Figure 11). This provides an advantage in workforce productivity, adaptability, and renewal and a potential for higher consumer spending. However, the region's population has been aging at a faster rate than the national average. Between

³ William H. Frey, "Big cities saw historic population losses while suburban growth declined during the pandemic," *Brookings Report*, July 11, 2022, <https://www.brookings.edu/articles/big-cities-saw-historic-population-losses-while-suburban-growth-declined-during-the-pandemic/>.

⁴ William H. Frey, "Big cities are showing signs of recovery after historic population losses, new census data shows," *Brookings Research*, June 22, 2023, <https://www.brookings.edu/articles/big-cities-are-showing-signs-of-recovery-after-historic-population-losses-new-census-data-shows/>.

2010 and 2023, the median age in the San Diego MSA increased by 3.0 years, matching California’s increase but exceeding the national increase of 2.0 years. While this change is small, it signals an aging population, which could affect its workforce advantage.

Figure 10 | Median Age, 2010-2023



Sources: U.S. Census Bureau 2023 American Community Survey and Unison Consulting, Inc.

2.2.3 | Foreign-Born Population

Immigration helps mitigate the effects of population aging and declining birth rates.⁵ Immigrants boost labor supply and productivity and expand the regional market for goods and services, including air travel.⁶ They also generate demand for air service—from their own travel and from visiting family and friends.

Immigrants are a significant part of the region’s population. In 2023, approximately 23 percent of San Diego MSA residents were born outside the United States—lower than California’s 27 percent but well above the national share of 14 percent. The largest immigrant group in the San Diego MSA originates from Latin America (47 percent), followed by Asia (39 percent) and Europe (8 percent) (Figure 12). This regional distribution has remained relatively stable over the past decade and closely reflects both state and national patterns.

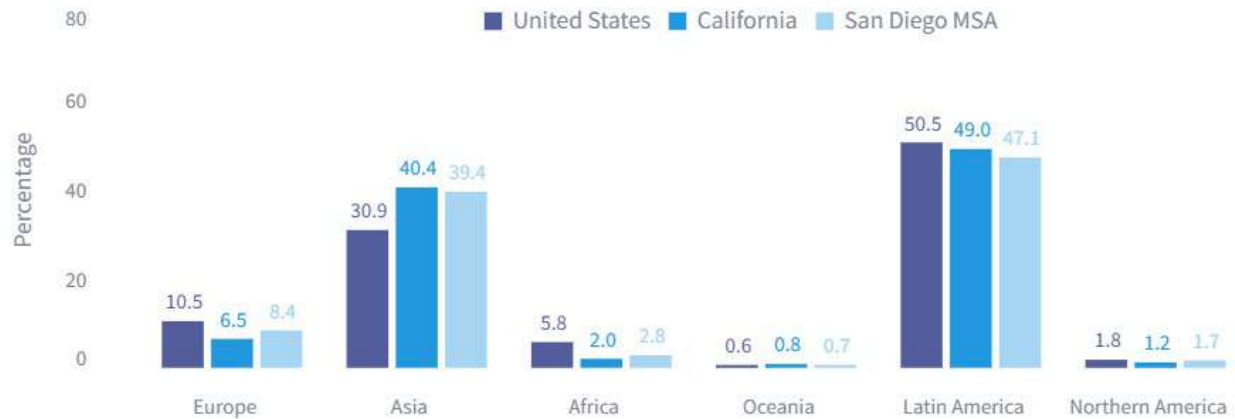
The San Diego MSA’s immigrant population growth kept pace with national trends until 2017 (Figure 13). Since then, San Diego’s immigrant population has declined, as growth tapered throughout California. Between 2010 and 2023, the region’s immigrant population grew by 6 percent (0.4 percent CAGR), slightly outpacing California’s 5 percent growth (0.4 percent CAGR) but

⁵ P. Orrenius and C. Smith, “Without Immigration, U.S. Economy Will Struggle to Grow,” *Dallas Fed Economics*, Federal Reserve Bank of Dallas, April 9, 2020, <https://www.dallasfed.org/research/economics/2020/0409>.

⁶ G.J. Borjas, “Immigration and Economic Growth,” National Bureau of Economic Research *Working Paper Series*, Working Paper 25836, May 2019, https://www.nber.org/system/files/working_papers/w25836/w25836.pdf.

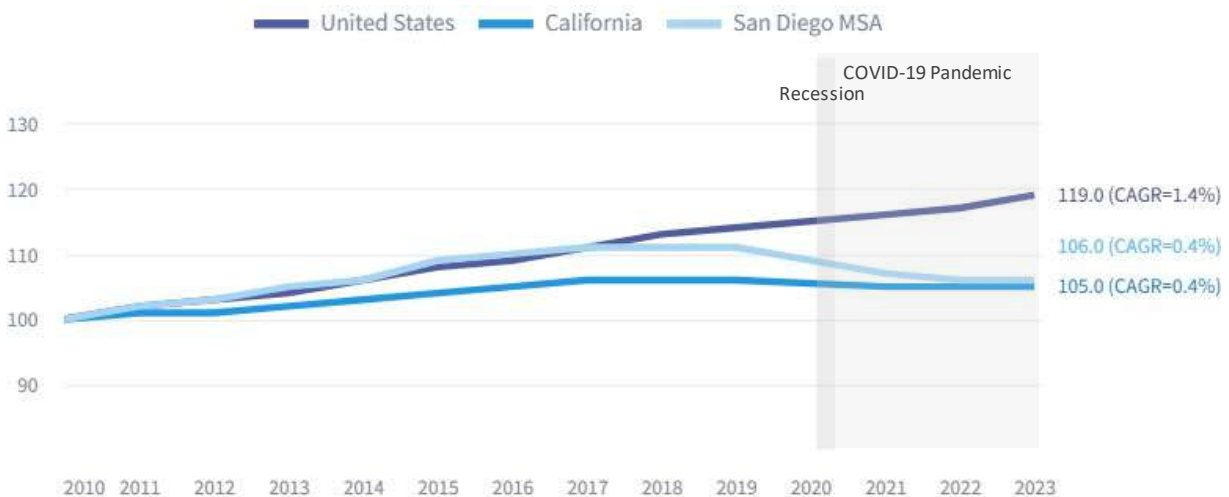
trailing the nation's 19 percent increase (1.4 percent CAGR). That said, recent changes in U.S. immigration policy include reduced legal immigrant pathways, increased border and interior enforcement, and shuttered humanitarian immigration programs, all of which may negatively affect the San Diego MSA's immigrant population.

Figure 11 | Foreign-Born Population Composition, 2023



Sources: U.S. Census Bureau 2023 American Community Survey and Unison Consulting, Inc.

Figure 12 | Foreign-Born Population Index (2010=100), 2010-2023



Sources: U.S. Census Bureau 2023 American Community Survey and Unison Consulting, Inc.

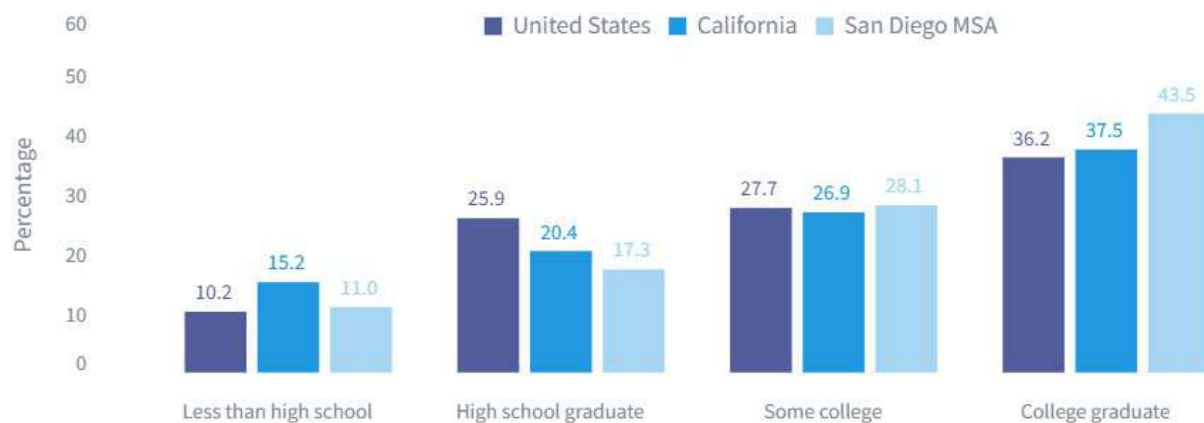
2.2.4 | Educational Attainment

Education promotes economic growth by raising workers' productivity and fostering innovation and the adoption of new technologies. A well-educated workforce can adapt to changing work

environments and skill requirements.^{7, 8} Regions that attract and retain educated workers see greater prosperity.⁹ Wages and unemployment rates highlight the value of education. College graduates earned significantly more (more than double) and faced lower unemployment (nearly three times lower) than those without a high school diploma.^{10,11}

Educational attainment levels in the San Diego MSA are much higher than state and national levels (Figure 14). More than 43 percent of the population aged 25 and over in the San Diego MSA have at least a bachelor's degree or higher. This compares with 36 percent nationally and 37 percent in California. The San Diego MSA is home to many higher education institutions, including 15 unique universities and colleges, and 8 unique community colleges.¹² Larger institutions, such as the University of San Diego and San Diego State University, serve over 45,000 and 39,000 enrolled students as of Fall 2024, respectively, and the San Diego Community College District is home to three credit colleges that serve approximately 90,000 students annually.

Figure 13 | Educational Attainment, 2023



Sources: U.S. Census Bureau 2023 American Community Survey and Unison Consulting, Inc.

⁷ E. Hanushek and L. Woessman, "Education and Economic Growth," *International Encyclopedia of Education* (Oxford: Elsevier, 2010), Vol. 2, pp. 245-252.

⁸ D. Claude and L. Charlotte, "Human Capital and Economic Growth," *Encyclopedia of International Higher Education Systems and Institutions* (Dordrecht: Springer, 2019).

⁹ Edward Glaeser, *Triumph of the City* (New York: Penguin Books, 2012).

¹⁰ U.S. Bureau of Labor Statistics, "Education pays, 2022," May 2023, <https://www.bls.gov/careeroutlook/2023/data-on-display/education-pays.htm>.

¹¹ U.S. Bureau of Labor Statistics, "Unemployment Rates for Persons 25 years and older by Educational Attainment, Seasonally Adjusted."

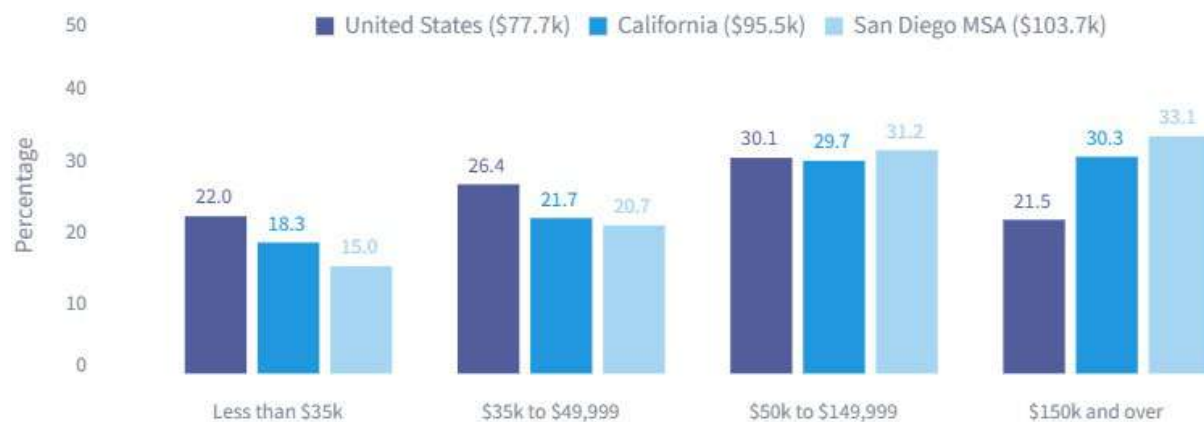
¹² San Diego Tourism Authority, "List of San Diego Universities and Colleges," <https://www.sandiego.org/articles/san-diego-universities-and-colleges.aspx>

2.2.5 | Income

Higher income fuels air travel demand, with studies showing a strong correlation: as people earn more, they are more likely to fly. This relationship, known as income elasticity, is often greater than one for air travel, meaning demand increases faster than income.¹³

Household incomes in the San Diego MSA are higher than in the rest of California and the nation (Figure 15). The median household income in the San Diego MSA is \$103,700, 33 percent higher than the national average (\$77,700) and 9 percent above the California average (\$95,500). Additionally, the San Diego MSA has a higher percentage of households earning at least \$150,000 (33 percent) compared with California (30 percent) and the United States (22 percent).

Figure 14 | Household Income Distribution, 2023

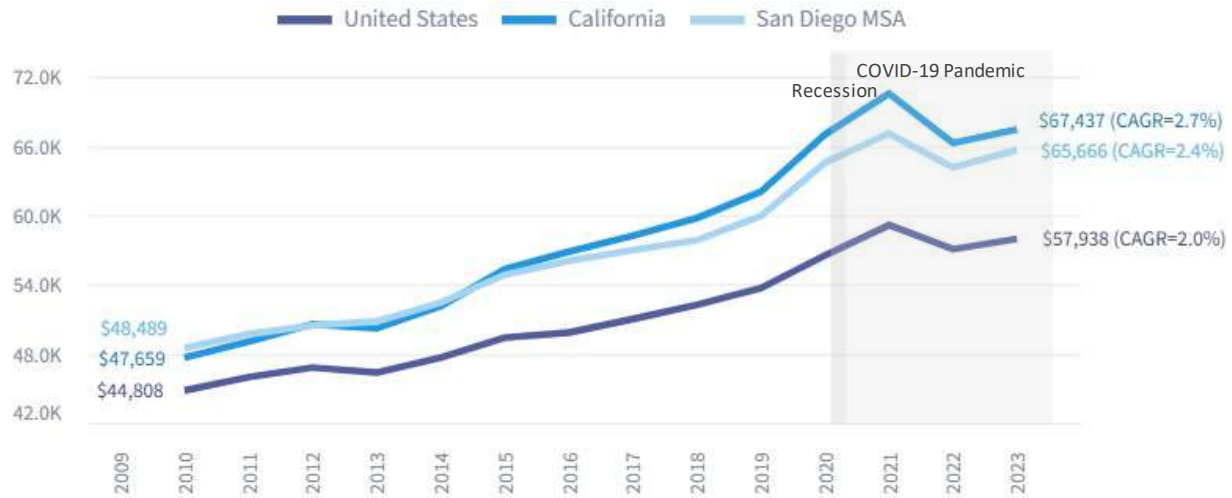


Sources: U.S. Census Bureau 2023 American Community Survey and Unison Consulting, Inc.

On a per capita basis, personal incomes in the San Diego MSA are also higher than the U.S. average (Figure 16). In 2023, the San Diego MSA's real per capita personal income was \$65,700, about 3 percent lower than the state average but 13 percent higher than the national average. For the most part, the San Diego MSA has enjoyed per capita personal income growth, even after adjusting for inflation. Real per capita personal income in the San Diego MSA increased annually by 2.4 percent over the past 13 years—slightly trailing California's growth (2.7 percent) but surpassing national growth (2.0 percent).

¹³ For example, a 10 percent increase in income will generate more than a 10 percent increase in air travel demand. See C. A. Gallet and H. Doucouliagos, "The income elasticity of air travel: A meta-analysis," *Annals of Tourism Research* 49 (2014), 141-155.

Figure 15 | Real Per Capita Personal Income, 2010-2023

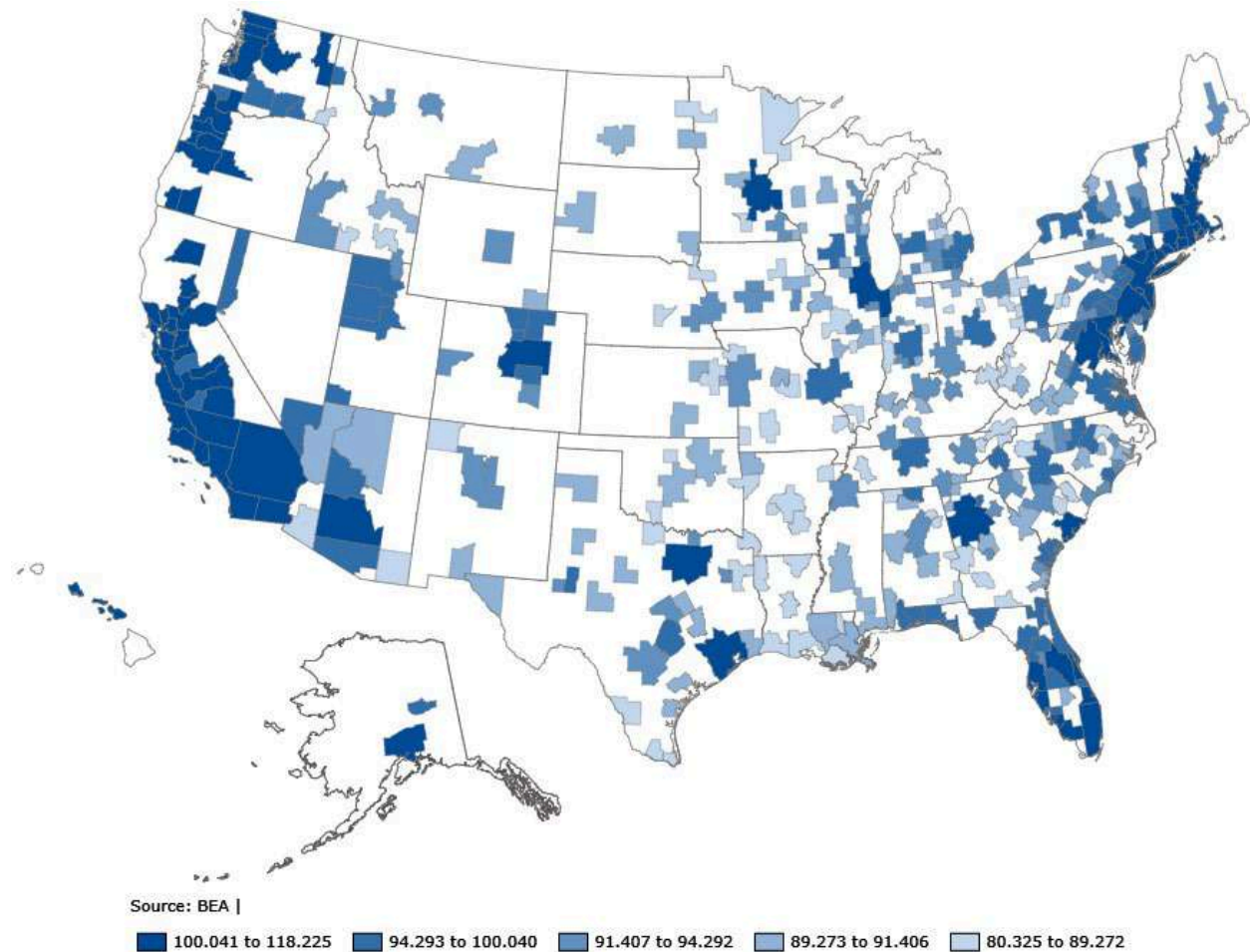


Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.

2.2.6 | Cost of Living

As seen in Figure 17, the MSA regional price parity index for 2023 shows that prices in the San Diego MSA are about 11.5 percent above the U.S. average, similar to but still below other major MSAs, including New York (12.5 percent above), Seattle (13.0 percent above), and the neighboring Los Angeles MSA (15.5 percent above). Despite the above average regional price parity index, the higher cost of living is matched by higher incomes in the San Diego MSA.

Figure 16 | Regional Price Parity Index by State (U.S. Average = 100), 2023



Sources: U.S. Bureau of Economic Analysis.

2.3 | Economic Attributes

Air travel demand at the Airport is closely linked to the economic health of a region. A region's economic vitality is reflected in GDP trends, labor market dynamics, industry composition, and tourism activity.

2.3.1 | Gross Domestic Product

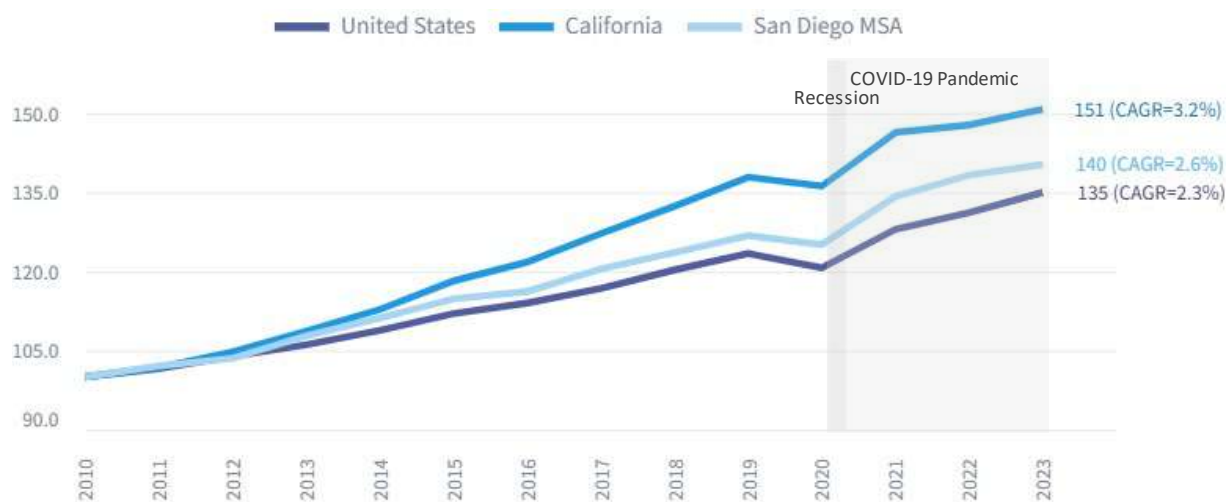
GDP measures the total dollar value of all goods and services produced within a geographic region. Sustained GDP growth signals economic expansion, increasing employment, incomes, and air travel. Conversely, sustained decreases in real GDP over two or more consecutive quarters signal a recession,¹⁴ where employment, income, and air travel demand fall.

¹⁴ The National Bureau of Economic Research (NBER) Business Cycle Dating Committee officially determines recessions based on several economic indicators.

Figure 18 illustrates the comparative real GDP growth trajectories of the San Diego MSA, California, and the United States from 2010-2023. While all three economies follow similar cyclical patterns, San Diego's 40 percent growth (2.6 percent CAGR) positions it between California's robust 51 percent growth (3.2 percent CAGR) and the nation's more moderate 35 percent growth (2.3 percent CAGR). This middle ground reflects San Diego's balanced economic composition, benefiting from California's innovation economy to maintain a growth rate above the national trend. Surpassing national growth indicates the region's structural economic advantages that support sustained air service demand even during periods of broader economic uncertainty.

During the pandemic, the San Diego MSA saw a smaller decline in real GDP (2.5 percent) in 2020 compared to 2.8 percent nationally and a faster recovery through 2023 (3.9 percent), compared to 3.8 percent nationally and 3.5 percent in California.

Figure 17 | Real GDP Index (2010=100), 2010-2023



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.

While 2024 GDP data is not yet available at the MSA level, national and state data indicate continued robust economic growth in 2024 (2.8 percent for the United States and 3.6 percent for California). However, the U.S. GDP shrank by 0.3 percent in the first quarter of 2025, indicating a broad economic slowdown (see Section 2.6.1 and Section 2.6.2).

2.3.2 | Labor Market

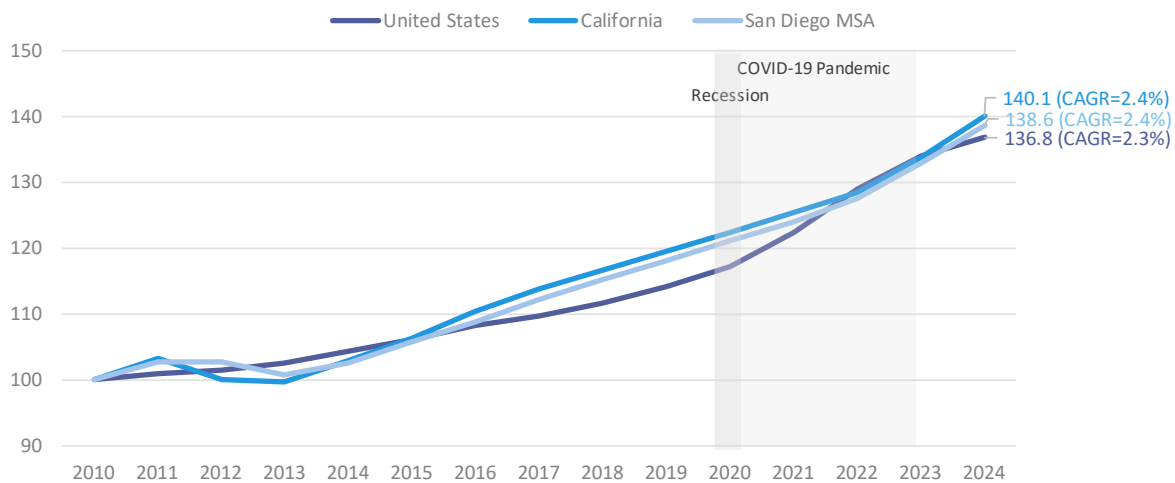
Labor market trends evolve with business cycles and reflect the overall state of the economy. They correlate positively with income and travel patterns. Strong business growth, rising employment, and low unemployment stimulate air travel.

Business Establishments

A growing number of business establishments reflects a healthy business climate and thriving entrepreneurial activity. New business formation creates jobs and stimulates economic growth. A vibrant business ecosystem boosts business travel.

The San Diego MSA has seen strong growth in business establishments. Between 2010 and 2024, the number of business establishments in the region increased by 39 percent (2.4 percent CAGR), closely aligning with California's 40 percent growth (2.4 percent CAGR) and slightly outpacing the national increase of 37 percent (2.3 percent CAGR).

Figure 18 | Business Establishment Index (2010=100), 2010-2024



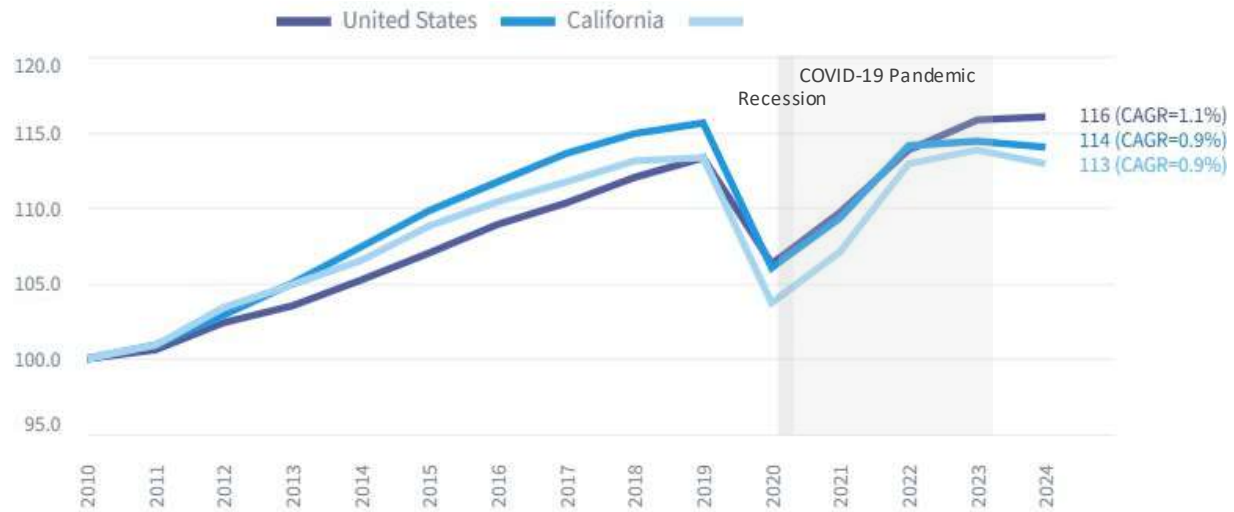
Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Data for 2024 are available through the second quarter.

Employment

From 2010 to 2024, civilian employment¹⁵ in the San Diego MSA increased by 13 percent overall (0.9 percent CAGR), near equal to California's 14 percent increase (0.9 percent CAGR) and not far behind the nation's 16 percent increase (1.1 percent CAGR) (Figure 20). The strong rebound from the COVID-19 recession exhibits a resilient labor market. However, employment levels in both San Diego and California have stayed flat over the past three years.

¹⁵ Civilian employment represents the employed members of the civilian labor force. The labor force consists of civilian residents 16 years and older who are either employed, or unemployed and actively looking for work.

Figure 19 | Employment Index (2010=100), 2010-2024



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

Unemployment Rate

The unemployment rate measures the percentage of the labor force actively seeking work, indicating unmet job demand. Lower rates are generally associated with increased consumer spending and, consequently, increased air travel. Typically, unemployment rates rise during economic recessions and fall during expansions.

Following the 2008–2009 Great Recession, unemployment peaked in 2010 at 11.0 percent in the San Diego MSA, 12.5 percent in California, and 9.6 percent nationally (Figure 21). It then steadily declined during the subsequent economic expansion, reaching 3.3 percent in the San Diego MSA, 4.1 percent in California, and 3.7 percent nationally by 2019—levels indicating full employment.¹⁶

In 2020, the unemployment rate spiked briefly due to the pandemic, averaging 9.5 percent in the San Diego MSA, 10.2 percent in California, and 8.1 percent nationwide. Since then, it has fallen sharply but has begun to rise again. By 2024, the annual average unemployment rate was 4.5 percent in the San Diego MSA, 5.4 percent in California, and 4.0 percent nationally. San Diego's unemployment rate is still well within the full employment threshold.

¹⁶ An unemployment rate of 5 percent or lower is often considered to indicate full employment. This level of unemployment prevents inflation and allows workers to move between jobs. It is low enough so that those looking for full-time work can find one. See Investopedia at <https://www.investopedia.com/terms/f/fullemployment.asp>.

Figure 20 | Annual Unemployment Rate, 2010-2024



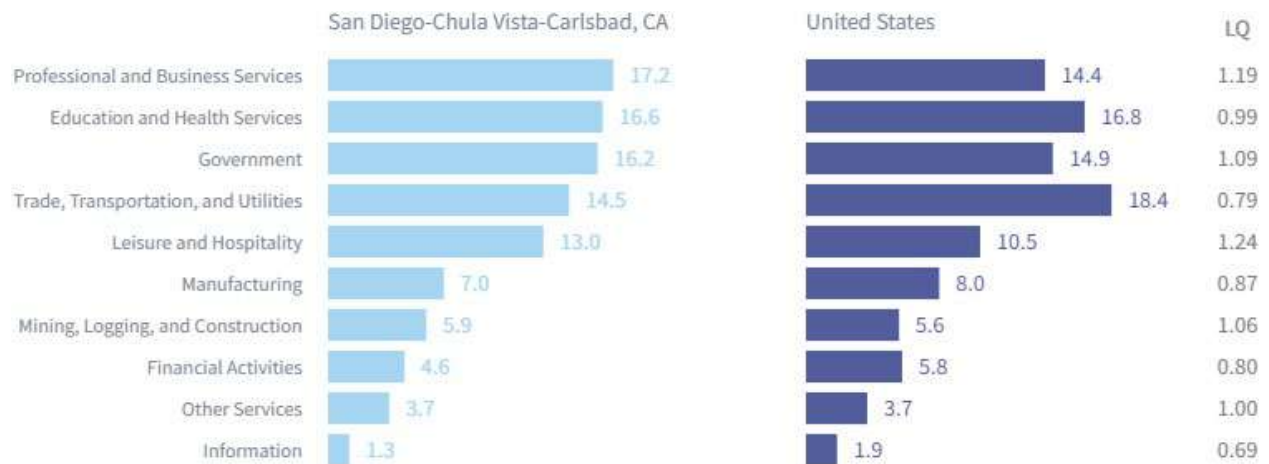
Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

2.3.3 | Industry Composition

A diversified economy enhances resilience against economic shocks, while heavy specialization amplifies vulnerability. However, regional specialization arises from factors like natural resources, geographic attributes, labor supply, and business climate, leading to industry concentrations.

Figure 22 shows the employment distribution across nonfarm industry sectors in the San Diego MSA compared with the United States as of December 2024. Figure 22 also shows the location quotients (LQ), which measure the concentration of an industry in the region relative to the nation, as discussed further below.

Figure 21 | Percent Employment and Location Quotients -- Selected Nonfarm Sectors, December 2024



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

The largest industry sector in the San Diego MSA, with 17 percent of employment, is professional and business services, which includes legal services, accounting, engineering, and consulting. At the national level, the largest sector is trade, transportation and utilities, which is only the fourth largest in the region. The second and third largest industry sectors in the San Diego MSA are education and health services (16.6 percent) and government (16.2 percent).

As stated above, the LQ measures the concentration of an industry in the region relative to the nation. An LQ of one indicates that an industry's share of regional employment matches its national share. Values below one suggest the sector is underrepresented in the region, while values above one indicate a higher concentration, signifying regional specialization.

An LQ threshold of 1.25 indicates moderate specialization and a threshold of 1.5 or higher indicates significant specialization. None of the industry sectors show an LQ of 1.25 or higher in the San Diego MSA, indicating a well-balanced diversified economy that is resilient to economic shocks. The San Diego MSA does exhibit mild employment concentrations in the following industry sectors:

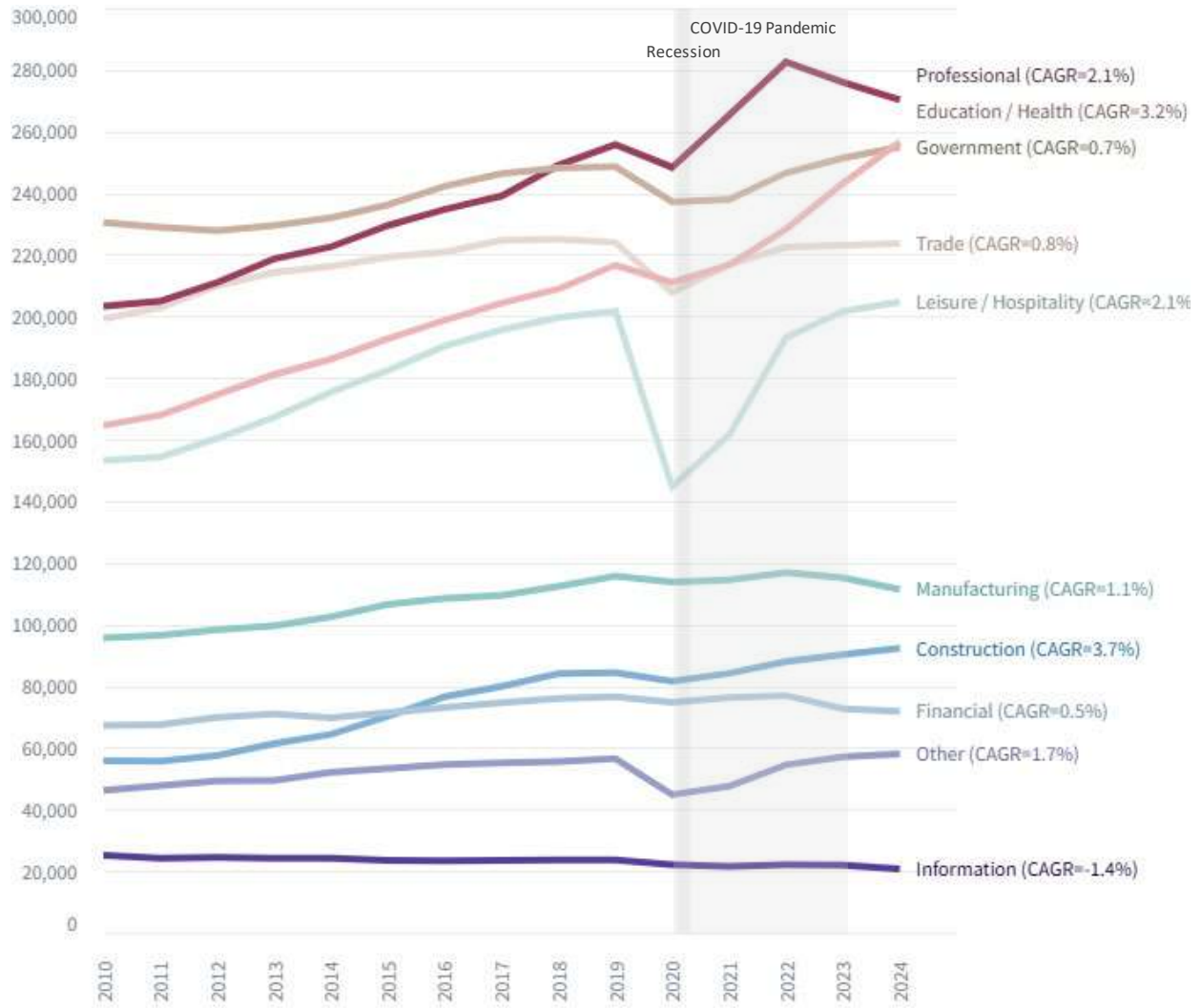
- Leisure and hospitality with an LQ of 1.24
- Professional and business services with an LQ of 1.19
- Government with an LQ of 1.09

Conversely, the information sector with an LQ of 0.69 is significantly smaller in the San Diego MSA.

The last recession impacted all industry sectors—some more than others (Figure 23). As expected, leisure and hospitality, an important sector in the San Diego MSA, suffered the largest job losses in 2020, after a period of rapid growth from 2010 to 2019. In 2020, the sector lost more than 28 percent of its workforce in the San Diego MSA. However, it rebounded strongly, reaching 101 percent of 2019 employment by the end of 2024. Most industries in the San Diego MSA have returned to their 2019 employment levels, with the exception of information (88 percent), financial activities (94 percent), and manufacturing (96 percent).

From 2010 to 2024, education and health services saw the largest employment gains, growing at a 3 percent CAGR. Leisure and hospitality (3.2 percent CAGR) and professional and business services (2.1 percent CAGR) also expanded significantly. Information (-1.4 percent CAGR) was the only sector to experience a decline in employment during this period.

Figure 22 | Employment by Industry, San Diego MSA, 2010-2024



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

2.3.4 | Major Employers

Large public and private institutions and small enterprises form the backbone of the region's economy (Table 3). A significant corporate presence generates business demand for air travel.

The San Diego MSA has a large public sector comprising local government, California state government, and the U.S. Defense Department. Government, military, and educational institutions help provide stable employment in the region. Major private sector employers span diverse sectors, including healthcare, food service, electronics, biotechnology, and utilities. This diversity provides residents with wide-ranging employment opportunities and protects the region from sector-specific downturns.

Table 3 | Selected Employers with Employees in the San Diego MSA

Organization	Estimated Employment	Sector
Local Government	>10,000	Government
State Government	>10,000	Government
32 St. Naval Station	>10,000	Military
University of California	>10,000	Education
Qualcomm	>10,000	Electronics
Marine Corps Recruit Depot	5,000-9,999	Military
Kaiser Permanente	5,000-9,999	Health
Naval Medical Center	5,000-9,999	Health
San Diego Community College	5,000-9,999	Education
Sharp Healthcare	1,000-4,999	Health
Rady Children's Hospital	1,000-4,999	Health
General Dynamics	1,000-4,999	Manufacturing
Illumina	1,000-4,999	Research & Development
Sony Electronics	1,000-4,999	Electronics
Scripps Mercy Hospital	1,000-4,999	Health
Collins Aerospace	1,000-4,999	Manufacturing
Seaworld San Diego	1,000-4,999	Leisure & Hospitality
Page One Seo	1,000-4,999	Health
Scripps Research Institute	1,000-4,999	Research & Development
San Diego County Sheriff	1,000-4,999	Police Department

Sources: California Employment Development Department, Data Axle, Esri, Forbes, Fortune, San Diego County, and Unison Consulting, Inc.

The list is not exhaustive. Employment levels are estimates and may include some non-local employers that have local employees.

2.4 | Military Presence

The San Diego MSA maintains a significant presence of the Department of Defense, which provides a significant stabilizing influence on the San Diego regional economy and, by extension, on aviation demand. With over 111,000 active-duty personnel, 7,000 military reservists, and 26,000 civilians employed by the Department of Defense in the San Diego MSA (as of FY2023), military spending forms a reliable economic foundation less susceptible to business cycles.

The region hosts major installations across various branches:

- U.S. Navy: San Diego Harbor is a National Strategic Port and the homeport for nearly 70 Navy ships. It is also home to one of every six Sailors and numerous operational and administrative commands, including Naval Special Warfare Command, Navy's Third Fleet, Naval Surface Force, Naval Air Forces, Navy Region Southwest, Naval Information Warfare Systems Command (NAVWAR), Naval Medical Forces Pacific, and Naval Surface and Mine Warfare Development Command. Key Navy bases include Naval Base San Diego, Naval Base

Point Loma, and Naval Base Coronado (comprising NAS North Island and NAB). San Diego is the largest naval complex in the Pacific.

- U.S. Marine Corps: San Diego hosts the largest concentration of Marine Corps operational and support commands in the United States, with one of every four Marines stationed in the region. Ninety-five percent of all Marines train in Southern California before deploying. Major installations include Marine Corps Base Camp Pendleton, Marine Corps Air Station Camp Pendleton, Marine Corps Air Station Miramar, and Marine Corps Recruit Depot (MCRD) San Diego. MCRD San Diego is responsible for recruiting and basic training for recruits from states west of the Mississippi.
- U.S. Coast Guard: Coast Guard Sector San Diego provides marine safety, security, and environmental protection to the major seaport and the region.
- Department of Veterans Affairs (VA): The San Diego region is home to over 225,000 veterans. The VA has a regional office and a healthcare system in San Diego, providing various benefits and medical services.

The defense sector's impact on SAN extends beyond the direct employment figures. Defense spending totaling \$40.5 billion in FY2024 contributed \$63.2 billion or 24 percent to the San Diego MSA GDP, and is responsible for more than 369,600 jobs or 24 percent of the region's total.

Defense procurement contracts with regional companies totaled \$20.6 billion in FY2024, supporting an ecosystem of contractors and subcontractors that generate significant business travel. Major defense contractors including General Dynamics, Northrop Grumman, and BAE Systems maintain regular corporate travel between their San Diego operations and other corporate locations, Washington D.C., and international partner sites.

The relative stability of defense budgets, typically operating on multi-year authorization cycles, provides a buffer against economic downturns. During the pandemic, defense spending and defense-related employment in San Diego, including those resulting from procurement contracts, continued to increase annually.¹⁷

The military contributes to SAN's passenger traffic from travel by active-duty personnel, military reservists, contractors, civilians employed by the Department of Defense, and visiting family members. This travel segment exhibits different seasonal patterns than either business or leisure travel, helping to smooth demand fluctuations throughout the year.

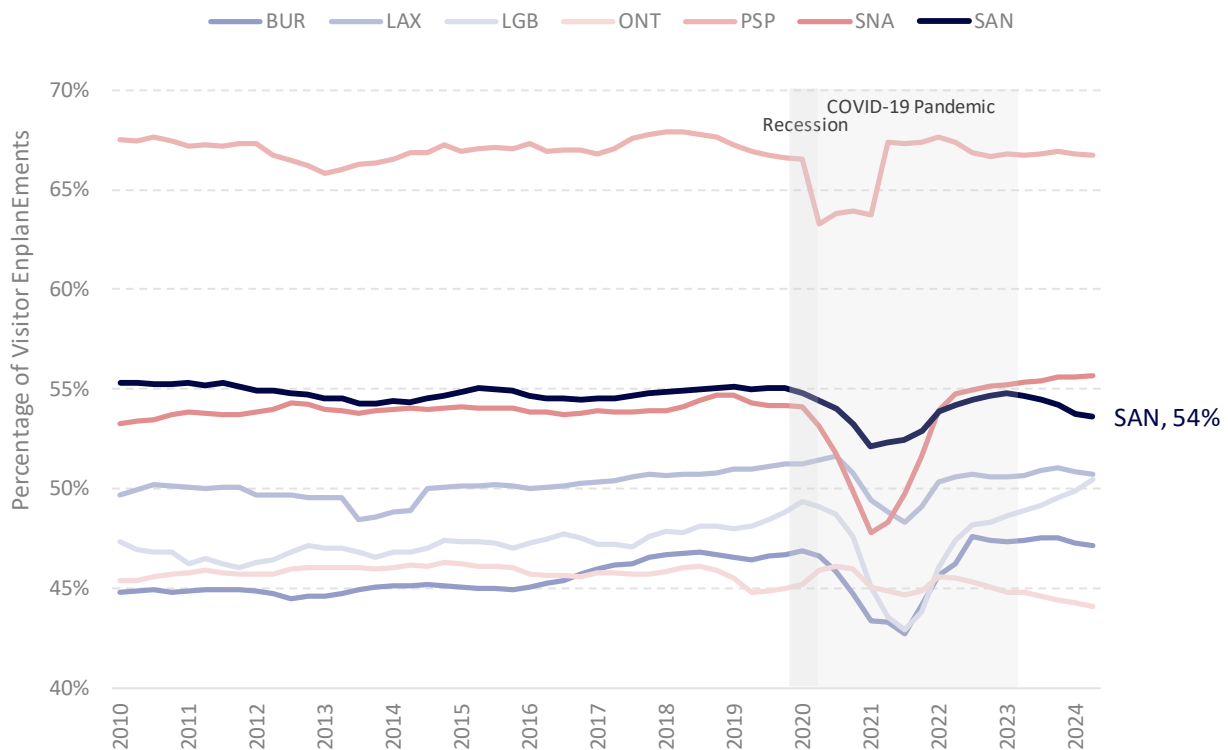
¹⁷ UC San Diego Rady School of Management, San Diego Military Advisory Council 2024 Military Economic Impact Report, <https://sdmac.org/wp-content/uploads/2024/10/SDMAC-2024-MEIR.pdf>.

2.5 | Tourism

Tourism is a significant component of the San Diego regional economy. Not only does it boost passenger traffic at the Airport but it also drives regional economic growth by bringing “new money” from visitor spending on food, lodging, recreation, and other services provided by local businesses. Visitors gravitate to San Diego’s pleasant weather and diverse attractions. Beaches, the harbor/waterfront, Coronado Island, Old Town, Balboa Park, Seaworld, Legoland, the San Diego Zoo, and Petco Park are among the top tourist sites.

Figure 24 shows the estimated share of visitors among O&D enplanements at Southern California airports, while Figure 25 shows the distribution of visitor purpose between business and leisure. SAN holds the third-largest visitor share in Southern California with 54 percent as of Q2 2024. Among those visitors, 2023 statistics show that 78 percent visited San Diego for leisure purposes, while 15 percent had business motivations, and the remaining 6 percent had other reasonings¹⁸. The overwhelming share of leisure visitors highlights the strength of San Diego as a tourist destination.

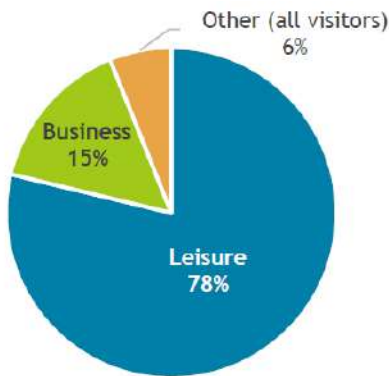
Figure 23 | Visitor Share of O&D Enplanements at Southern California Hub Airports (4-Quarter Moving Average), Q1 2010-Q2 2024



Sources: U.S. Department of Transportation and Unison Consulting, Inc.

¹⁸ Amounts do not total to 100 percent due to rounding.

Figure 24 | SAN Visitor Purpose Distribution, 2023

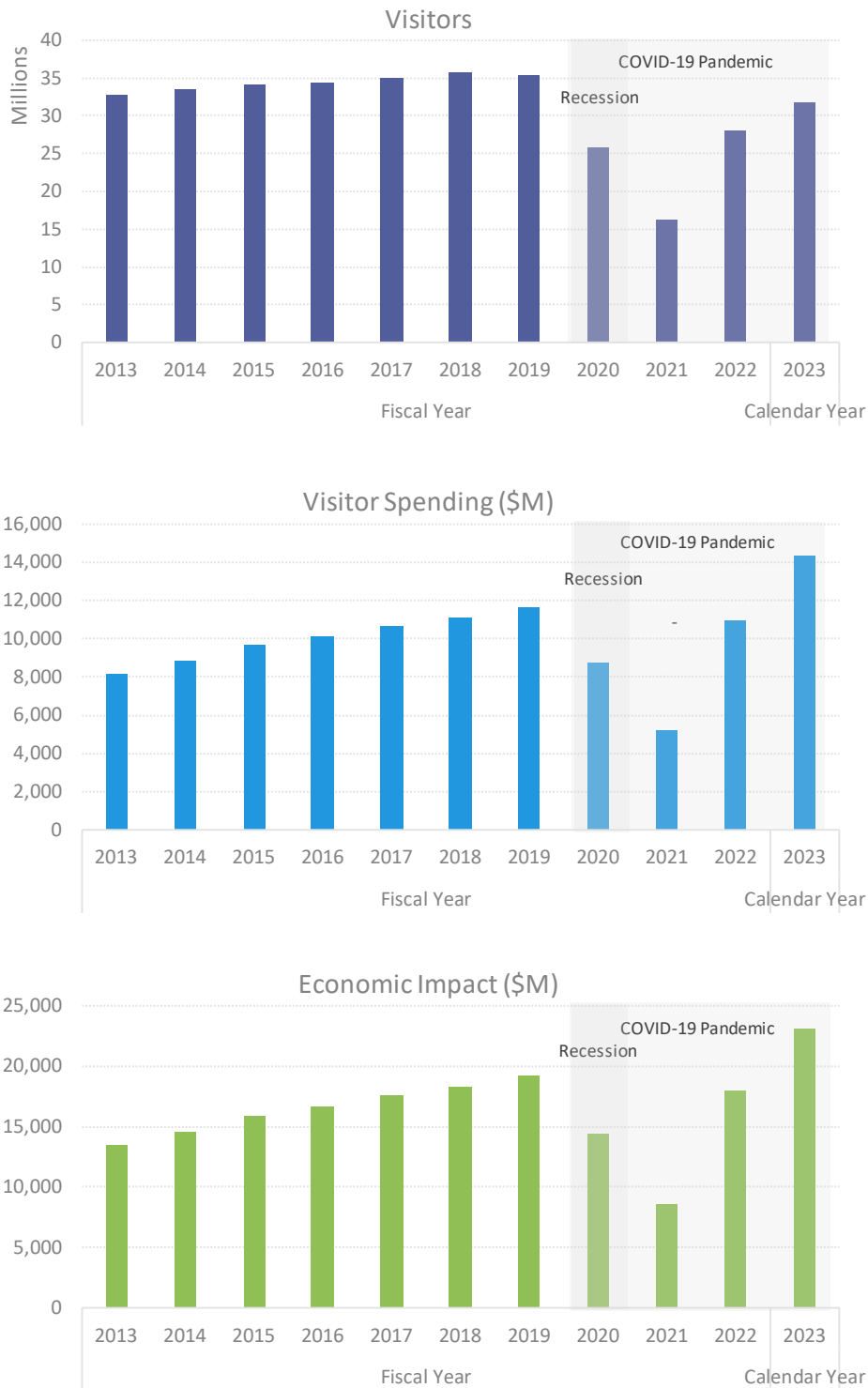


Source: San Diego Tourism Authority

Note: Percentages do not total 100 percent due to rounding.

Figure 26 shows the trend in visitor volume in the San Diego MSA from 2013 to 2023. The number of visitors rose steadily, reaching more than 35 million annually in FY2017-2019. Visitor volume dropped to 16 million in FY2021 due to the COVID-19 pandemic but made a significant recovery. On a calendar year basis in 2023, the number of visitors had rebounded to nearly 32 million. These visitors in 2023 spent a total of \$14.3 billion in the region and contributed a total economic impact of \$23.1 billion, supporting 96,000 jobs in the region and setting an all-time high record for visitor spending and regional economic impact. This record high economic impact despite 2023's visitor volume still not returning to pre-COVID levels indicates a trend of higher spending per visitor, which aligns with the post-pandemic air traffic trend of longer-term leisure travel increasing faster than shorter-term business travel.

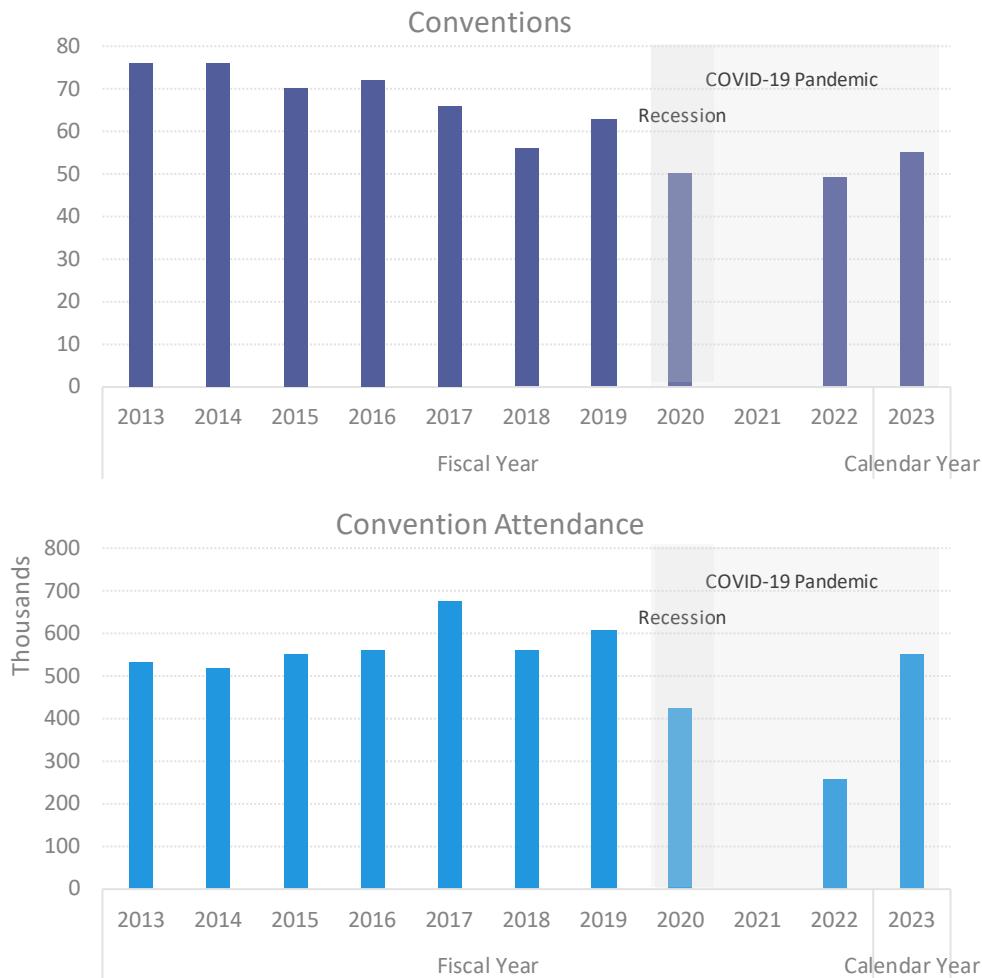
Figure 25 | San Diego MSA Visitor Volume, Spending, and Regional Economic Impact, 2013-2023



Sources: San Diego Tourism Authority and Unison Consulting, Inc.

The number of conventions, however, has been decreasing even before the pandemic, falling to zero in FY2021 (Figure 27). Conventions have resumed but have not yet reached pre-pandemic numbers; however, several major events that have historically been held in San Diego on an annual basis, including the San Diego Comic Con, San Diego Bay Wine & Food Festival, the Esri International User Conference, and the San Diego Auto Show, have returned.

Figure 26 | San Diego MSA Conventions and Attendance, 2023



Sources: San Diego Tourism Authority and Unison Consulting, Inc.

2.6 | Macroeconomic Outlook

Macroeconomic conditions drive visitor travel to San Diego and residents' air travel demand through influences on the regional economy. A robust national economy encourages travel and spending, boosting visitor arrivals at the Airport and revenue and employment in the region's leisure and hospitality sector. It also supports a robust regional economy, leading to job creation, higher income levels, and increased business activity, all contributing to air travel demand at the Airport.

The U.S. economy has demonstrated remarkable resilience and robustness. However, the change in administration has brought increased economic uncertainty due to tariff hikes and other policy shifts. Concerns are rising about consumer spending capacity as debt burdens increase, potentially impacting economic growth. The Federal Reserve has held interest rates steady amid growing economic uncertainty,¹⁹ and economists are revising growth forecasts downward and inflation expectations upward. Globally, the OECD also anticipates that U.S. tariffs would slow economic growth and increase inflation worldwide, particularly affecting U.S. major trade partners like Mexico and Canada.

2.6.1 | U.S. Real Gross Domestic Product

The U.S. economy has transitioned from a strong post-pandemic recovery to a more sustainable, moderate growth trajectory (Figure 28). The economy rebounded vigorously after a deep recession triggered by COVID-19 lockdowns and travel restrictions. Following a 2.2 percent contraction in 2020, real GDP surged by 6.1 percent in 2021—the highest annual growth rate since 1984.

Over the next three years, through the COVID-19 pandemic, the economy continued to grow at rates above the pre-pandemic average (2.4 percent) despite challenges such as COVID-19 resurgence, supply-chain disruptions, labor market constraints, the waning effects of fiscal stimulus, high inflation, and high interest rates. Robust consumer spending sustained the U.S. economy, as the Federal Open Market Committee (FOMC) raised interest rates to contain inflation.

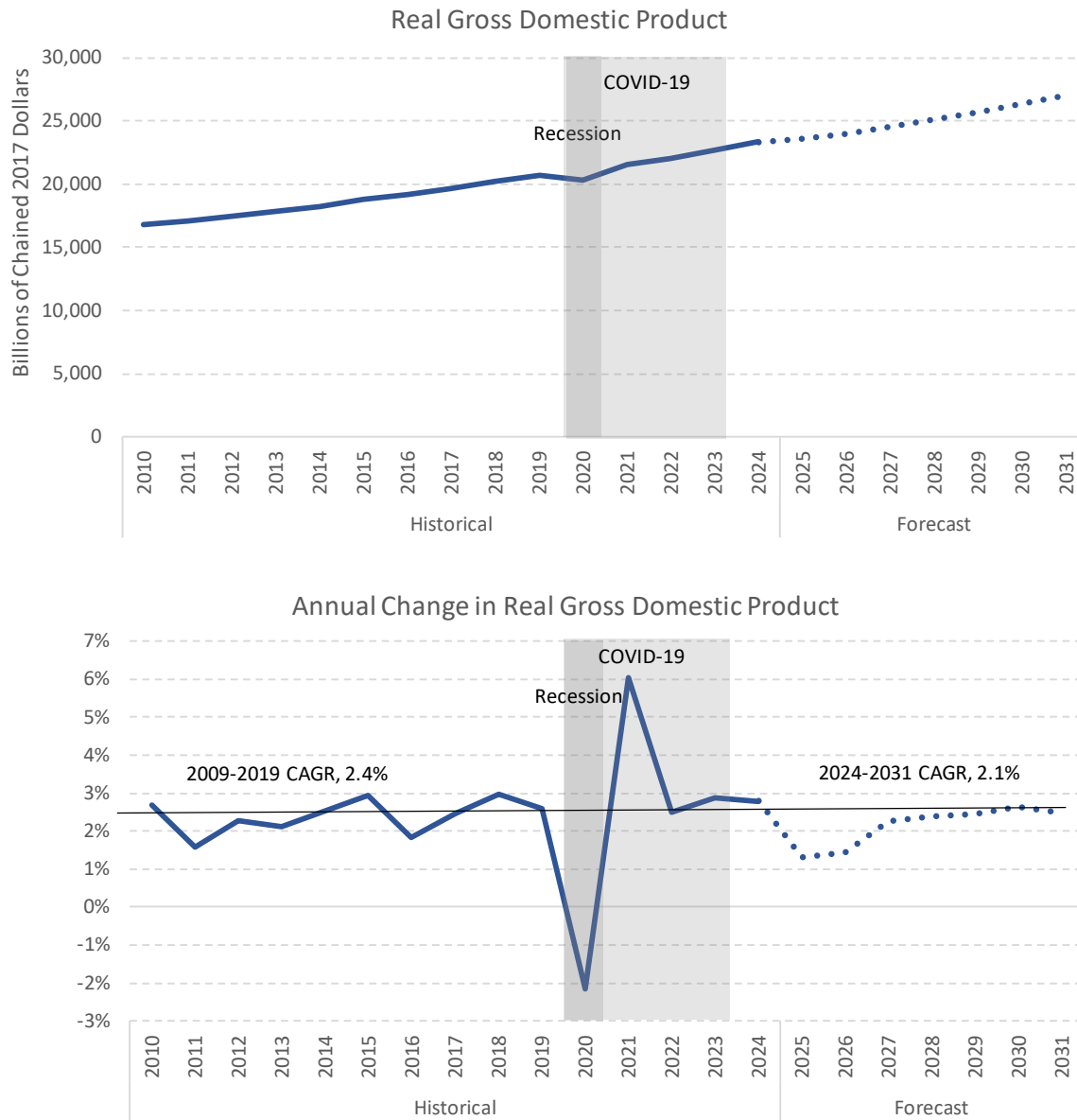
The U.S. economy entered 2025 with considerable momentum. However, the outlook has dimmed considerably amid significant policy shifts under the new administration.²⁰ First quarter real GDP data shows the U.S. economy shrinking by 0.3 percent.²¹

¹⁹ Nick Timiraos, "Fed Warns of Rising Economic Risks as It Leaves Rates Steady," *The Wall Street Journal*, May 7, 2025, <https://www.wsj.com/economy/central-banking/fed-keeps-rates-steady-as-tariff-uncertainty-roils-outlook-55ebe99f>.

²⁰ Clement Bohr, "UCLA Anderson Forecast Announces a Recession Watch: Trump Policies, If Fully Enacted, Promise a Recession," *UCLA Anderson Forecast*, March 2025, <https://www.anderson.ucla.edu/about/centers/ucla-anderson-forecast/recession-watch-2025>.

²¹ U.S. Bureau of Economic Analysis, "Gross Domestic Product, 1st Quarter 2025 (Advance Estimate)," *U.S. Economy at a Glance*, April 30, 2025, <https://www.bea.gov/news/glance>.

Figure 27 | U.S. Real GDP, 2010-2031



Sources: U.S. Bureau of Economic Analysis, Moody's Analytics forecast as of February 2025, and Unison Consulting, Inc.

According to Moody's Analytics' forecast as of April 2025, real GDP growth is expected to downshift to an annualized rate of 1.3 percent in 2025 and 1.4 percent in 2026. Through 2031, real GDP growth is projected to average 2.1 percent annually, lower than the pre-pandemic expansion average of 2.4 percent. More recent economic forecasts predict a more severe downshift in 2025.

The average real GDP growth forecast for 2025 in the April 2025 Wall Street Journal Economic Forecasting Survey is 0.8 percent, down from 2 percent in the January 2025 survey.^{22,23}

2.6.2 | Key Risk Factors and Headwinds

The economic outlook is clouded by several significant risk factors including tariffs and trade wars, uncertain monetary policy, cooling labor market, the potential for rising inflation, slowing consumer spending and business investment, and global economic slowdown.²⁴

Trade Policy and Tariffs

Numerous new tariffs have been announced or implemented. These tariffs are expected to slow economic growth and boost inflation in the United States and globally, erode U.S. household's real incomes (OECD estimates \$1,600 loss for average households²⁵), disrupt supply chains and business planning, and prompt retaliation from trading partners. The tariffs are also creating uncertainty for businesses, causing some to pause on new orders or face rising input costs.²⁶ Some businesses engaged in front-loading imports in early 2025 to avoid tariffs.

Monetary Policy Outlook

Increased economic uncertainty led the Federal Reserve to keep its benchmark federal-funds rate steady at its March 2025 meeting and slow the pace of quantitative tightening (QT). The Fed's median projection continues to indicate 50 bps of rate cuts this year, although there is increasing divergence among FOMC members regarding the appropriate path for rates.²⁷

Labor Market

The labor market, while still solid, shows clear signs of cooling. Job growth moderated in early 2025 and is expected to decelerate further. For example, Moody's Analytics' forecast shows a decrease in job growth from an average of 168,000 per month in 2024 to around 89,000 per month in 2025 and 44,000 per month in 2026 (Figure 29). The other sources expect a similar trend. Consequently, the

²² Paul Kiernan and Anthony DeBarros, "Economic Outlook Dives Just Three Months Into Trump's Term," The Wall Street Journal, April 12, 2025, https://www.wsj.com/economy/trade/us-economic-outlook-trump-b4e3469a?mod=article_inline.

²³ Anthony DeBarros, "About The Wall Street Journal Economic Forecasting Survey," The Wall Street Journal, Updated April 12, 2025, <https://www.wsj.com/economy/economic-forecasting-survey-archive-11617814998>.

²⁴ See the sources for recent U.S. economic forecasts on the previous page.

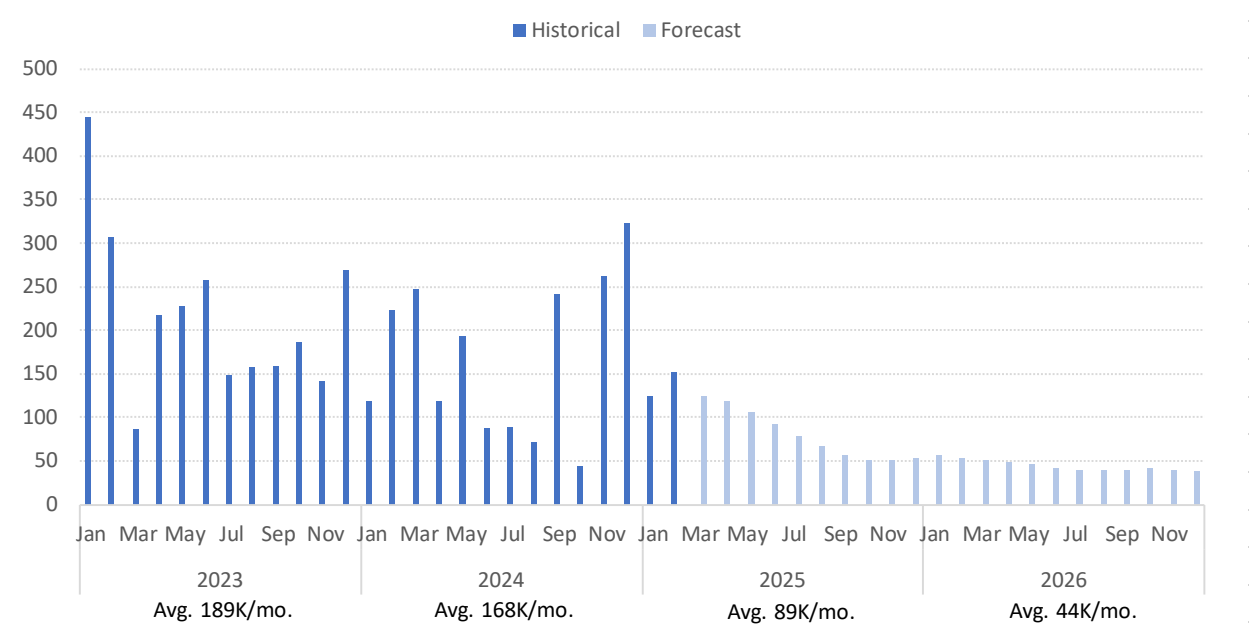
²⁵ OECD (2025), *OECD Economic Outlook, Interim Report March 2025: Steering through Uncertainty*, OECD Publishing, Paris, <https://doi.org/10.1787/89af4857-en>.

²⁶ The Wall Street Journal Editorial Board, "Will There Be a Trump Recession? Economic signs are mixed, but his willy-nilly tariffs have markets worried," *The Wall Street Journal*, March 10, 2025,

²⁷ Wells Fargo Economics, "FOMC Keeps Rates on Hold Amid Increased Uncertainty," *Special Commentary*, March 19, 2025, <https://wellsfargo.bluematrix.com/links2/html/9b7edbfd-cdf7-4316-9a6e-fbc634644b8b>.

unemployment rate, which stood at 4.1 percent in February 2025, is expected to rise to 4.3-4.7 percent later in the year.^{28,29}

Figure 28 | U.S. All Employees, Total Nonfarm, Change, Thousands of Persons, Monthly, Seasonally Adjusted



Sources: U.S. Bureau of Economic Analysis, Moody’s Analytics forecast as of February 2025, and Unison Consulting, Inc.

Consumer Spending and Confidence

Consumer spending is expected to moderate after a strong performance in 2024. Consumer sentiment has deteriorated in recent weeks amid concerns about reduced federal spending and higher tariffs. The University of Michigan consumer sentiment index fell to its lowest level since 2022. Concerns about inflation and job security are weighing on consumer morale.

Household debt continues to rise, with inflation-adjusted credit-card debt surpassing \$10,000 per household in Q4 2024 for the first time since 2009. Delinquencies on auto loans and credit cards are approaching levels seen after the 2008-09 recession. Higher debt and weaker household income growth will rein in consumer spending.

²⁸ S&P Global Ratings forecasts the unemployment rate will drift higher and peak at 4.6 percent by midyear 2026. The Fed's median projection for the unemployment rate is 4.4 percent for 2025, 4.3 percent for 2026, and 4.3 percent for 2027. Wells Fargo expects the unemployment rate to drift up to 4.3 percent by the end of 2025. EY-Parthenon anticipates the unemployment rate rising above 4.5 percent this year.

²⁹ Paul Kiernan and Anthony DeBarros, “Economic Outlook Dives Just Three Months Into Trump’s Term,” The Wall Street Journal, April 12, 2025, https://www.wsj.com/economy/trade/us-economic-outlook-trump-b4e3469a?mod=article_inline.

Global Economic Impact

Higher U.S. tariffs are projected to slow global economic growth and increase inflation worldwide. The OECD has cut its growth forecasts for most of the world's largest economies, with the largest downgrades for Mexico and Canada due to their heavy trade with the U.S. and increased tariff barriers.

2.6.3 | Recession Risk

Recession fears have resurfaced amid a sharp decline in business and consumer confidence.³⁰ While a recession is not the base case for most forecasters, the downside risks have increased significantly. Recession probability estimates have increased to an average of 45 percent as of April 2025, up from 22 percent as of January 2025.³¹ The economy appears to be at a critical juncture where continued policy uncertainty or further negative shocks could tip it into contraction.

2.7 | Summary

The demographic and economic assessment reveals both strengths and challenges influencing San Diego International Airport's market position and growth potential:

Strengths:

- Strong demographic profile with a relatively young population, high educational attainment, and above-average household incomes supporting discretionary travel.
- Diversified regional economy with mild concentrations in professional services, leisure/hospitality, military, and government sectors, providing resilience against industry-specific downturns.
- Robust tourism recovery with visitor spending and economic impact reaching record levels in 2023.
- SAN's relative isolation as the only major commercial service airport in the San Diego MSA, and the only large hub airport within a 125-mile radius. SAN's convenient downtown location also provides a competitive advantage over alternative airports.

Challenges:

- Recent population decline (-1.0 percent between 2018-2024) potentially constraining local market growth.
- High cost of living (11.5 percent above U.S. average) affecting discretionary spending.

³⁰ "Is Trump driving the US into a recession? – in charts," *The Guardian*, accessed on March 26, 2025, <https://www.theguardian.com/us-news/2025/mar/18/is-trump-driving-the-us-into-a-recession-in-charts>.

³¹ Paul Kiernan and Anthony DeBarros, "Economic Outlook Dives Just Three Months Into Trump's Term," *The Wall Street Journal*, April 12, 2025, https://www.wsj.com/economy/trade/us-economic-outlook-trump-b4e3469a?mod=article_inline.

- Recent employment growth slower than national average.
- Heightened macroeconomic uncertainty with increased recession risks.
- Potential impact of trade policies and tariffs on regional industries and consumer spending.

Despite near-term economic headwinds, San Diego's strong demographic fundamentals, educated workforce, and diverse economy provide a solid foundation for continued air service demand. The region's tourism appeal remains strong, with visitor volumes approaching pre-pandemic levels. While macroeconomic risks have increased, the region's resilience during previous economic cycles suggests SAN is well-positioned to weather potential challenges while maintaining its essential role in connecting San Diego to national and international markets.

SECTION 3 | COMMERCIAL AVIATION ACTIVITY

This section reviews the historical trends in commercial aviation activity at the Airport, explains the development of forecasts, and presents the results. The historical analysis supports the development of forecasts, which are important in evaluating the Airport’s financial outlook and the feasibility of the Capital Program financing. Recognizing the inherent uncertainty of future trends, the forecasts present multiple scenarios for traffic growth at the Airport over the coming years and discuss external factors that may impact these forecasts.

Commercial aviation activity at SAN consists primarily of passenger traffic. Trends reflect broader economic cycles and industry disruptions. Economic expansions typically fuel demand, while recessions cause downturns. Significant events like the 9/11 terrorist attacks (2001) and the COVID-19 pandemic (2020-2023) have a further impact, as do substantial changes in airline strategies, mergers, and network consolidation. Traffic recovery has progressed since the severe downturn in 2020 caused by the pandemic. However, recovery performance varies across U.S. airports, with SAN reaching its pre-pandemic FY2019 peak this last fiscal year, FY2024.

3.1 | Operating Airline History

Throughout FY2025, 19 mainline passenger carriers, 3 regional affiliates, and 7 cargo carriers operate at SAN, listed in Table 4, while Table 5 expands on the history of air carriers that have served at the Airport with at least 10 flights in any given year. SAN’s current largest service providers include Southwest Airlines, Alaska Airlines, United Airlines, Delta Air Lines, and American Airlines.

Table 4 | Air Carriers Serving SAN, as of May 31, 2025

Carriers Serving SAN in FY2025			
Mainline Carriers		Regional Affiliates	Cargo Carriers
Air Canada	JetBlue	Air Canada Jazz ¹	21 Air
Alaska Airlines	KLM-Royal Dutch Airlines	Horizon Air ²	ABX
Allegiant Air	Lufthansa	SkyWest Airlines ^{2,3,4}	Ameriflight
American Airlines	Porter Airlines		Atlas Air ⁵
Breeze Airways	Southwest Airlines		FedEx
British Airways	Spirit Airlines		IFL Group
Delta Air Lines	Sun Country Airlines		UPS
Frontier Airlines	United Airlines		
Hawaiian Airlines	Westjet		
Japan Airlines			

Sources: OAG Schedules Analyzer, last accessed on May 8, 2025, for passenger carriers, and Airport records for cargo carriers. Advance schedules beyond the access date are subject to change.

¹ Operates as a regional affiliate for Air Canada.
² Operates as a regional affiliate for Alaska Airlines.
³ Operates as a regional affiliate for Delta Air Lines.
⁴ Operates as a regional affiliate for United Airlines.
⁵ Atlas Air does not operate flights but has a Signatory agreement with the Airport.

Table 5 | History of Carriers Serving SAN, FY2019-FY2025

Carriers Serving SAN by Fiscal Year							
Airline (+ Regional Affiliate)	2019	2020	2021	2022	2023	2024	2025
Air Canada				•	•	•	•
Air Canada Jazz	•	•		•	•	•	•
Air Canada Rouge	•	•					
Alaska Airlines	•	•	•	•	•	•	•
Horizon Air	•	•	•	•	•	•	•
SkyWest Airlines	•	•	•	•	•	•	•
Allegiant Air	•	•	•	•	•	•	•
American Airlines	•	•	•	•	•	•	•
SkyWest Airlines	•	•					
Compass Airlines	•	•					
Breeze Airways						•	•
British Airways	•	•		•	•	•	•
Delta Air Lines	•	•	•	•	•	•	•
SkyWest Airlines		•		•	•	•	•
Compass Airlines	•	•					
Frontier Airlines Inc.	•	•	•	•	•	•	•
Hawaiian Airlines	•	•	•	•	•	•	•
Japan Airlines	•	•	•	•	•	•	•
JetBlue	•	•	•	•	•	•	•
KLM-Royal Dutch Airlines							•
Lufthansa	•	•		•	•	•	•
Porter Airlines							•
Southwest Airlines	•	•	•	•	•	•	•
Spirit Airlines	•	•	•	•	•	•	•
Sun Country Airlines	•	•	•	•	•	•	•
United Airlines	•	•	•	•	•	•	•
SkyWest Airlines	•	•	•	•	•	•	•
Mesa Airlines			•				
Westjet	•	•		•	•	•	•
Former SAN Passenger Service Providers¹							
Edelweiss Air	•	•					
JSX					•	•	
Swoop				•			
Cargo Carriers							
21 Air							•
ABX		•	•	•			•
Ameriflight	•	•	•	•	•	•	•
Atlas Air ²	•	•					
FedEx	•	•	•	•	•	•	•
West Air	•	•	•	•	•	•	•
IFL Group						•	•
UPS	•	•	•	•	•	•	•

Sources: OAG Schedules Analyzer, last accessed on May 8, 2025, for passenger carriers, and Airport records for cargo carriers. Advance schedules beyond the access date are subject to change.

Note: Does not count airlines/years with less than 10 operated departures.

¹ Only lists mainline carriers, not regional affiliates.

² Atlas Air does not operate flights but has a Signatory agreement with the Airport.

Most of SAN's mainline carriers are long-term staples that have served the Airport through at least the past six fiscal years. Foreign-flag airlines, such as Air Canada, British Airways, Lufthansa, and WestJet, paused operations in FY2021 due to pandemic-related international travel restrictions, but have since returned to consistent service. Another foreign flag carrier, Copa Airlines, intends to start service at the Airport in June 2025, while Allegiant and Porter airlines have made the decision to exit the SAN market.

SAN's active cargo carriers include 21 Air, ABX, Ameriflight, FedEx (with affiliate West Air), IFL Group, and UPS. Airport. SAN's remaining cargo carrier—Atlas Air—ceased service at the Airport in the years following the COVID-19 pandemic. While no activity for Atlas Air and ABX was recorded in FY2024, they operate as Signatory and Non-Signatory Airlines for SAN, respectively, and ABX resumed service in FY2025.

Additionally, there are three regional carriers: Air Canada Jazz, which operates for Air Canada; Horizon Air, which operates for Alaska Airlines; and SkyWest Airlines, which operates for Alaska, Delta, and United. Other regional carriers such as Air Canada Rouge, Compass Air, and Mesa Airlines previously served as affiliates at SAN but ceased service after FY2020 (or in Mesa's case, after FY2021).

3.2 | Historical Passenger Traffic Trends

Changes in the U.S. business cycle drive growth trends in passenger traffic: the demand for air travel grows during periods of economic expansion and declines during periods of economic recession. Passenger traffic is also affected by significant changes in airline network strategies and one-off events such as the 2001 terrorist attacks, which took place during the 2001 U.S. economic recession, and the COVID-19 pandemic, which caused the 2020 economic recession.

3.2.1 | Significant Developments Affecting the U.S. Airline Industry

The U.S. airline industry has undergone significant transformation, with each decade bringing a unique set of developments shaping the industry. Following the industry's expansion in the 1980s and 1990s, the 2000s brought a series of disruptions: the 2001 U.S. economic recession, the 9/11 terrorist attacks, skyrocketing fuel costs, and the Great Recession. While the 2001 recession was brief and its effects were mild, terrorist attacks on September 11, 2001, caused a steep decline in air travel. Tightened security discouraged short-haul trips, and airlines lowered fares to stimulate demand. Meanwhile, the internet made it easy to compare fares and made passengers more price-sensitive.

Jet fuel prices quadrupled from 2000 to 2008 and stayed elevated through 2014. Amid record fuel prices, the U.S. economy entered the Great Recession (December 2007-June 2009). Air travel demand fell, exacerbating airlines' financial difficulties. Several major airlines filed for bankruptcy protection and entered into mergers. Consolidation continued into the 2010s, leaving four major airlines—American, Delta, Southwest, and United—controlling 80 percent of the U.S. domestic passenger traffic.

The 2010s saw the slowest recovery for the U.S. economy and air travel demand but also the longest expansion on record. Jet fuel prices began to fall in late 2014. U.S. airlines sustained profits,

renewed fleets, and increased flight schedules while maintaining capacity discipline. Air traffic growth accelerated in the last quarter of the decade despite the temporary grounding of the Boeing 737 MAX, a recent addition to the commercial passenger aircraft fleet.

COVID-19 was declared a global pandemic on March 11, 2020, and brought air travel to a near halt, with U.S. passenger traffic plummeting by nearly 97 percent in mid-April 2020. The pandemic induced structural changes in the demand for air travel and the supply of airline passenger service. The recovery has been uneven—personal and domestic travel rebounded faster than business and international travel. The lag in business travel recovery is attributed to the widespread adoption of virtual conferencing, delayed return to offices, and shifts to remote and hybrid work practices, while international travel recovery was delayed by travel restrictions.

Airlines responded by reducing capacity. They retired older aircraft and postponed the delivery of new ones. They offered voluntary retirement and extended leave incentives to shrink their workforce. These actions later created fleet and labor shortages that constrained airlines' ability to restore capacity as demand rebounded.

The WHO declared COVID-19 no longer a global pandemic as of May 5, 2023. Six days later, on May 11, 2023, the U.S. Department of Health and Human Services declared an end to the United States's national public health emergency. Unlike during the Great Recession, consumer spending remained strong through the pandemic-induced recession. The job market rebounded, with unemployment falling to historic lows and job openings outnumbering job-seekers. Households emerged with relatively healthy finances and the ability to spend on the pent-up demand for travel.

3.2.2 | Long-Term Annual Historical Trends at SAN

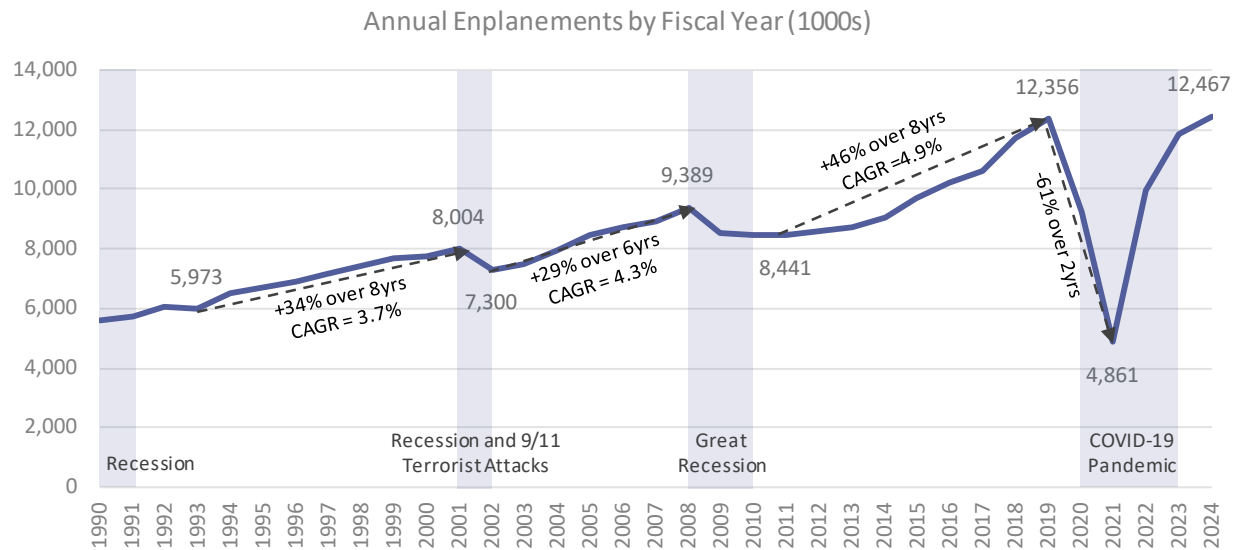
Historically, SAN's passenger traffic grew and declined with the U.S. economy, a major driver of the San Diego MSA economy and overall demand for air travel (Figure 30). Just as SAN enjoys growing traffic during economic expansions, SAN also experiences declines in traffic during economic downturns, typically brief, with each turn of the business cycle. However, the traffic downturns generally are more pronounced than the proportional declines in GDP due to compounding events—for example, the terrorist attacks in 2001, the airline capacity rationalization following the Great Recession, and the COVID-19 pandemic and associated social distancing and travel restrictions.

Additionally, the 2001 and 2008-2009 recessions were followed by "jobless" recoveries, which held back leisure travel, a significant traffic segment for SAN. SAN's enplanements took several years to recover: 3+ years following the 2001 downturn and 6+ years following the Great Recession. The experience in the recovery from the pandemic was different: households had jobs and money to spend, and pent-up demand spurred a strong rebound in leisure travel. However, remote work and the accelerated adoption of virtual conferencing technology slowed business travel recovery.

Following each downturn, SAN's enplanements recover and eventually grow to set new records. From FY1990 to FY2019, SAN's enplanements grew by 120 percent overall, a 2.8 percent CAGR, to the pre-pandemic peak of 12.4 million. The growth leading up to this record was driven by sustained economic expansion and renewed profitability and capacity expansion in the U.S. airline

industry. In 2020, passenger traffic depressed to unprecedented low levels at airports nationwide. At SAN, annual enplanements decreased through FY2020 and FY2021, down to 4.9 million in FY2021, an overall drop of 61 percent from its FY2019 enplanements. From FY2021 to FY2022, SAN made a relatively strong rebound as enplanements doubled to 9.95 million. Recovery continued further in FY2023, and SAN passed its previous FY2019 peak with 12.47 million enplanements in FY2024.

Figure 29 | Historical Annual Enplanement Trends at SAN, FY1990-FY2024



Source: Airport records.

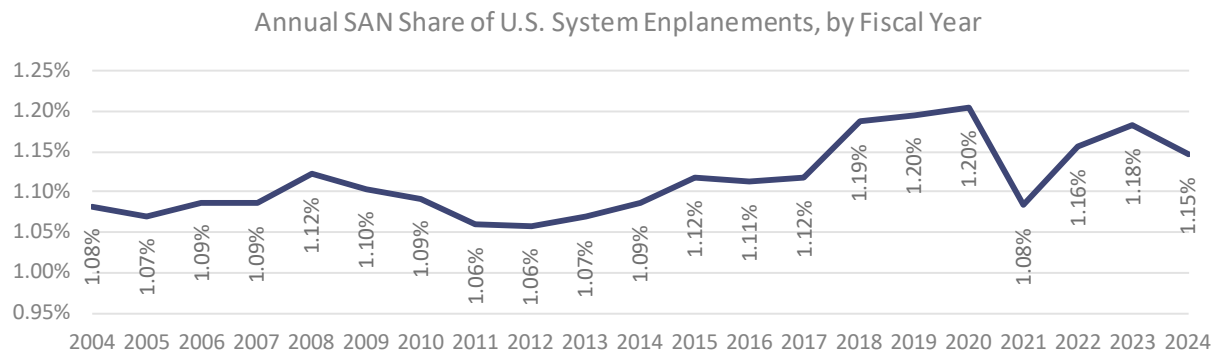
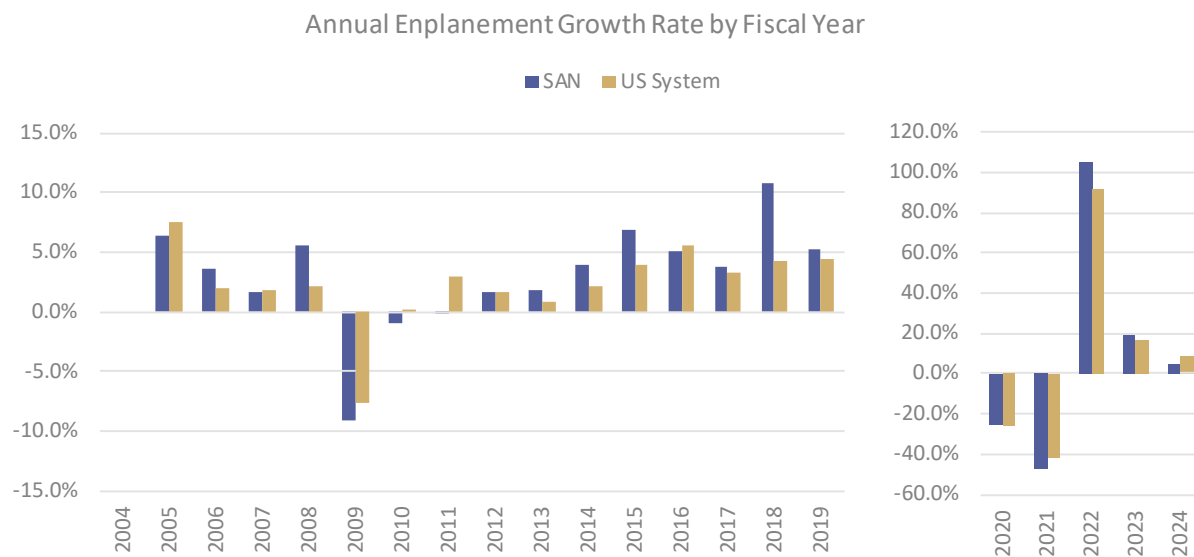
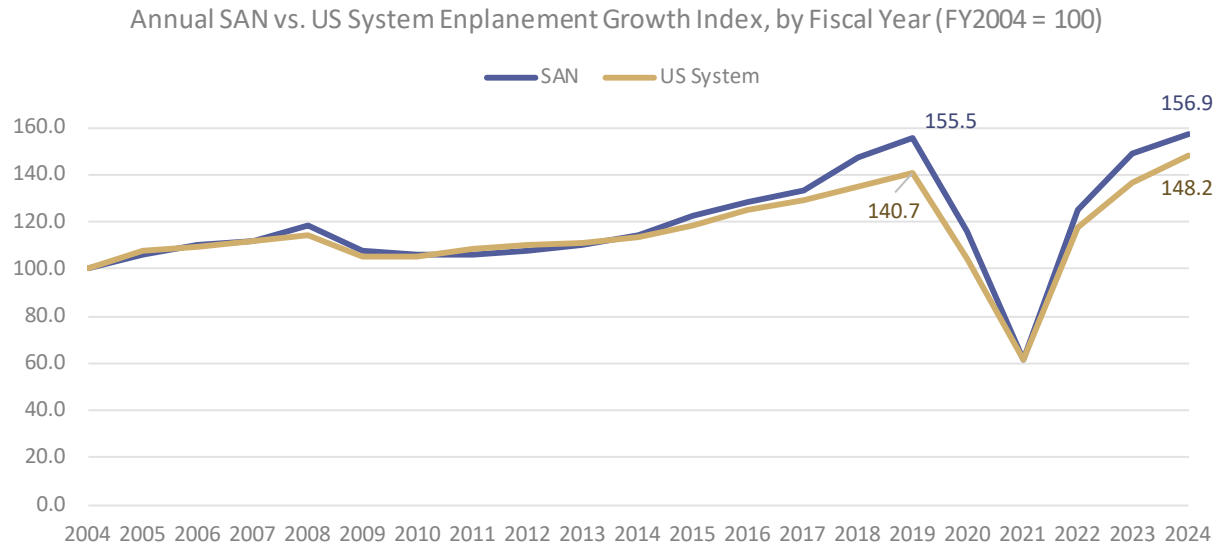
3.2.3 | Comparison with U.S. System Enplanement Trends

Figure 31 and Table 6 show that, from FY2004 through FY2024, SAN's passenger traffic growth tracked and eventually outpaced the national trend from FY2014 onward. The U.S. system growth kept a steady upward pace, while SAN's activity accelerated toward the tail end of the 2010s—particularly in FY2018 when SAN's annual growth rate of 10.7 percent more than doubled the U.S. system's 4.3 percent. By 2019, SAN's enplanements had grown 55.5 percent since its FY2004 level, while the U.S. system rose 40.7 percent above its FY2004 level. As a result, SAN's share of U.S. system enplanements also increased from 1.08 percent in FY2004 to 1.20 percent in FY2019.

SAN and the rest of the U.S. aviation industry faced steep losses in FY2020, which accelerated in FY2021 for a total drop of 61 percent in SAN's enplanements over those two years, slightly greater than the U.S. system's total drop of 57 percent. As a result, SAN's share of U.S. system enplanements decreased to 1.08 percent in FY2021.

SAN and the U.S. system made strong recovery progress in the following years, with SAN more than doubling its enplanements in FY2021. That speedy recovery slowed in the years after, but continued nonetheless, and both SAN and the U.S. system passed their FY2019 levels as of FY2024. That said, SAN has yet to reach its pre-pandemic share size of U.S. system enplanements, having recently dipped back to 1.15 percent in FY2024 due to that year showing slower growth than the national trend, though this is after two years of faster recovery having grown SAN's share through FY2022 and FY2023.

Figure 30 | Annual SAN vs. U.S. System Enplanement Growth Trends, FY2004-FY2024



Sources: Airport records for SAN and the Bureau of Transportation Statistics for the U.S. system.

Note: U.S. system annual totals are recalculated to align with SAN's fiscal year (July 1-June 30).

Table 6 | Annual SAN vs. U.S. System Enplanements, FY2004-FYTD2025

FY	SAN		US System		SAN Share of US Total
	EP (1000s)	AGR	EP (1000s)	AGR	
2004	7,947		734,254		1.08%
2005	8,449	6.3%	789,211	7.5%	1.07%
2006	8,750	3.6%	804,674	2.0%	1.09%
2007	8,892	1.6%	818,854	1.8%	1.09%
2008	9,389	5.6%	836,997	2.2%	1.12%
2009	8,536	-9.1%	773,044	-7.6%	1.10%
2010	8,454	-1.0%	773,996	0.1%	1.09%
2011	8,441	-0.2%	797,134	3.0%	1.06%
2012	8,575	1.6%	810,756	1.7%	1.06%
2013	8,738	1.9%	817,853	0.9%	1.07%
2014	9,082	3.9%	835,947	2.2%	1.09%
2015	9,713	6.9%	868,959	3.9%	1.12%
2016	10,206	5.1%	917,693	5.6%	1.11%
2017	10,596	3.8%	948,014	3.3%	1.12%
2018	11,732	10.7%	988,845	4.3%	1.19%
2019	12,356	5.3%	1,033,425	4.5%	1.20%
2020	9,235	-25.3%	767,044	-25.8%	1.20%
2021	4,861	-47.4%	448,916	-41.5%	1.08%
2022	9,953	104.8%	861,051	91.8%	1.16%
2023	11,868	19.2%	1,004,120	16.6%	1.18%
2024	12,467	5.1%	1,087,980	8.4%	1.15%
YTD 2024	10,172		889,040		1.14%
YTD 2025	10,395	2.2%	922,822	3.8%	1.13%
Compound Annual Growth Rate					
2004-2010	1.0%		0.9%		
2011-2019	4.9%		3.3%		
2019-2024	0.2%		1.0%		
2011-2024	3.0%		2.4%		
2004-2024	2.3%		2.0%		

Sources: Airport records for SAN and Bureau of Transportation Statistics for the U.S. system.

Note: U.S. system annual totals are recalculated to align with SAN's fiscal year (July 1-June 30).

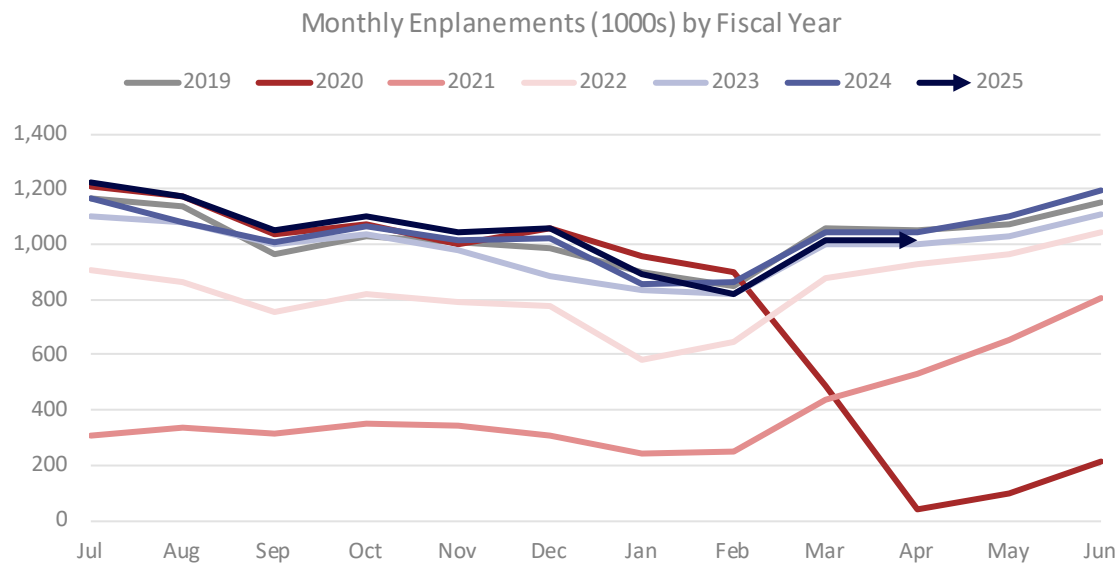
YTD = July through April.

3.2.4 | Monthly Enplanement Trends

Figure 32 shows monthly enplanement patterns at SAN from FY2019 to January of FY2025. It also shows the extent of the initial decline in activity brought by the COVID-19 pandemic, as well as the pace of SAN's recovery through FY2021 and FY2022, the latter of which having started reforming toward the Airport's original seasonal pattern. By FY2023 and especially FY2024, SAN's monthly

enplanements have largely stabilized back to a pattern of peaking during the summer months of June and July, and gradually declining toward the winter before swinging back up through the spring. So far, FY2025 continues this trend.

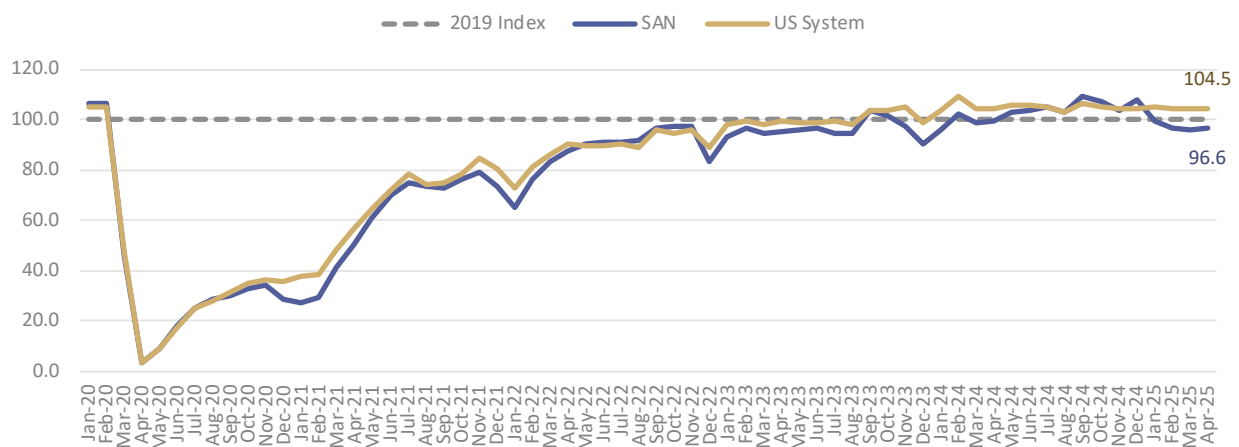
Figure 31 | SAN Monthly Enplanement Trends, FY2019-FYTD2025



Source: Airport records.

Figure 33 compares monthly enplanement recovery for SAN and the U.S. system over the COVID-19 pandemic from January 2020 to January 2025, indexed to the corresponding month in 2019. SAN has mostly kept pace with the national recovery. As of April 2025, SAN has reached 96.6 percent of its April 2019 level, slightly under the U.S. system's 104.5 percent.

Figure 32 | SAN vs. U.S. System Monthly COVID-19 Recovery Index (2019 = 100), January 2020-January 2025



Sources: Airport records for SAN and Bureau of Transportation Statistics for the U.S. system.

3.3 | Composition of Passenger Traffic

SAN serves primarily O&D traffic, which has consistently accounted for at least 96 percent of total enplanements. O&D traffic is a more stable air service market than connecting traffic. It arises from market demand and generally follows growth in both the local and national economies. Unlike connecting traffic, O&D traffic is less vulnerable to changes in individual airlines' network strategies, business models, and financial conditions. Of O&D traffic, residents account for approximately 44-46 percent, while visitors account for 54-56 percent, based on the U.S. Department of Transportation's DB1B data. These relative shares have been consistent since 1995.

SAN also serves primarily domestic traffic. However, the share of international traffic at the Airport grew from 2.9 percent in FY2012 to 4.2 percent in FY2019 (Figure 34 and Table 7). Due to international travel restrictions during the COVID-19 pandemic, this share dropped to 1 percent in FY2021. International enplanements made up 2.2 percent of SAN's traffic in FY2022, and that share continued to grow to 3.8 percent in FY2024.

The expansion of international air service began after FY2009 when Air Canada and WestJet increased nonstop service to Canada. British Airways began daily nonstop service to London in June 2011, and Japan Airlines began nonstop service to Tokyo in December 2012. Additional international service to Europe also started in the summer of 2017. Condor and Edelweiss Air operated seasonal service to Frankfurt, Germany, and Zürich, Switzerland, respectively. Although Condor's flights ended in October 2017, Lufthansa began nonstop service to Frankfurt in March 2018. Air Transat announced plans to offer service from Montreal to SAN, and Swoop announced plans to offer service from Edmonton to SAN, both beginning in the Summer of 2020, but COVID-19 spread to a global pandemic in March 2020 and caused the suspension of all international service in April 2020. The following international services resumed: Alaska Airlines to Mexico (since May 2020), Japan Airlines (since March 2021), Southwest Airlines to Mexico (since March 2021), Air Canada (since August 2021), WestJet (October 2021), British Airways (October 2021), and Lufthansa (April 2022). Swoop, an ultra-low cost carrier owned by WestJet, briefly provided seasonal service at SAN to Edmonton, Canada in FY2022 before ceasing service at the Airport in FY2023. KLM Royal Dutch airlines began service to Amsterdam on May 8, 2025, and Copa Airlines is slated to begin service to Panama in late June of 2025.

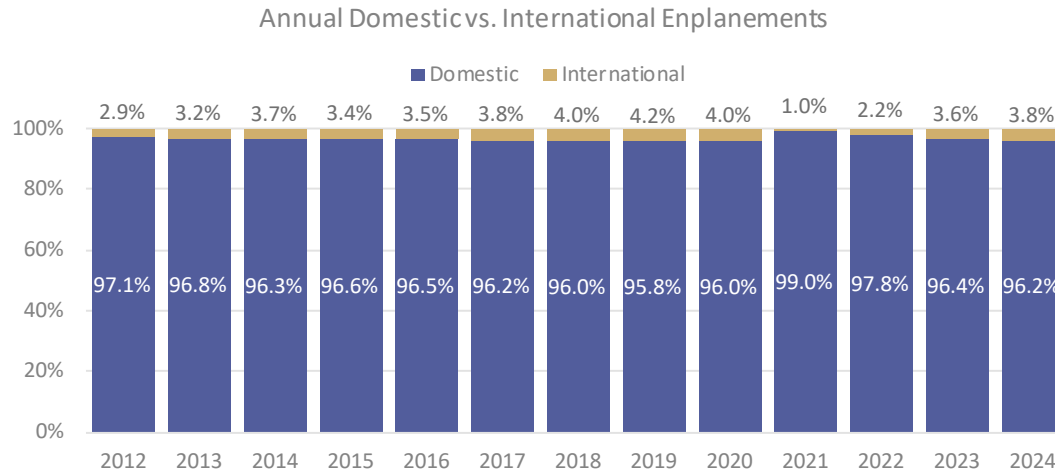
Current tariff and immigration tensions raise concern about the outlook for air travel demand from Canada and Mexico into the United States. Both Canadian and Mexican airlines are seeing year-over-year declines in passenger traffic into the United States.^{32,33} Based on scheduled seat records for SAN throughout FY2024, Canada and Mexico are the Airport's first and third busiest

³² Leslie Josephs, "Canadians pull back on U.S. trips, threatening to widen United States' \$50 billion travel deficit," *CNBC*, March 28, 2025, <https://www.cnn.com/2025/03/28/canada-united-states-travel.html>.

³³ Oscar Goytla, "Mexican Airlines See Uncertainty as US Traffic Declines," *Mexico Business News*, March 31, 2025, <https://mexicobusiness.news/aerospace/news/mexican-airlines-see-uncertainty-us-traffic-declines>.

international destinations, respectively. Together, they make up 2.3 percent of SAN's total FY2024 seats, out of the 3.8 percent international share.

Figure 33 | SAN Annual Domestic and International Enplanement Shares, FY2012-FY2024



Source: Airport records.

Table 7 | SAN Annual Domestic and International Enplanements, FY2012- FYTD2025

FY	Domestic		International		Total
	EP (1000s)	Share	EP (1000s)	Share	
2012	8,323	97.1%	252	2.9%	8,575
2013	8,461	96.8%	277	3.2%	8,738
2014	8,746	96.3%	337	3.7%	9,082
2015	9,381	96.6%	332	3.4%	9,713
2016	9,849	96.5%	357	3.5%	10,206
2017	10,195	96.2%	402	3.8%	10,596
2018	11,258	96.0%	474	4.0%	11,732
2019	11,833	95.8%	524	4.2%	12,356
2020	8,865	96.0%	370	4.0%	9,235
2021	4,810	99.0%	51	1.0%	4,861
2022	9,737	97.8%	216	2.2%	9,953
2023	11,441	96.4%	427	3.6%	11,868
2024	11,988	96.2%	479	3.8%	12,467
YTD 2024	9,791	96.3%	380	3.7%	10,172
YTD 2025	9,990	96.1%	405	3.9%	10,395
Compound Annual Growth Rate					
2012-2019	5.2%		11.0%		5.4%
2019-2024	0.3%		-1.8%		0.2%
2012-2024	3.1%		5.5%		3.2%

Source: Airport records.

YTD = July through April.

3.4 | Enplanements by Airline

SAN's top five passenger carriers by number of enplanements are Southwest Airlines, Alaska Airlines, United Airlines, Delta Air Lines, and American Airlines. These five carriers consistently accounted for more than 85 percent from FY2012 to FY2024 (Figure 35 and Table 8). Southwest's share of annual enplanements decreased to 32.8 percent in FY2024 from a steady 37 to 38 percent in the past decade, due largely to the growth in Alaska's share. That said, Southwest continues to be the busiest airline at SAN by a large margin.

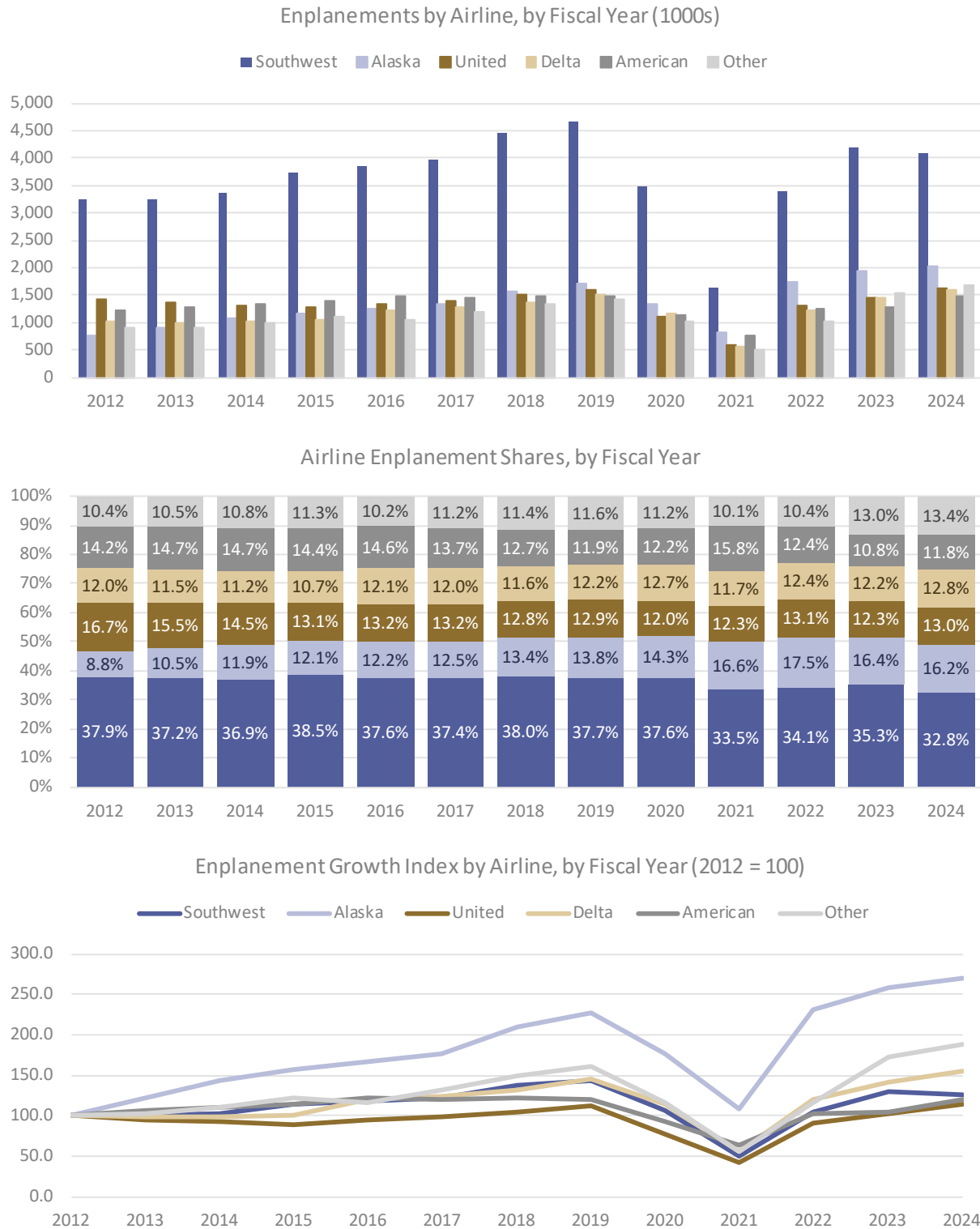
Alaska was the fastest growing airline at SAN, with its 8.8 percent share in 2012 growing to 13.8 percent in 2019. Its enplanements at SAN more than doubled from 752,000 in FY2012 to 1.7 million in FY2019. Alaska developed San Diego into a focus city, adding new flights and destinations. Over the same period, Southwest and Delta grew their enplanements by 43 percent and 46 percent, respectively. American and United were the slowest to grow, with their enplanements increasing only 20 percent and 12 percent, respectively.

Air passenger traffic dropped drastically beginning in mid-March 2020 due to the COVID-19 pandemic, causing a significant hit to all airlines' total enplanements during the tail end of SAN's FY2020. This effect became more apparent as the next fiscal year started during the resulting recession. Southwest endured the most significant decline for a single airline, falling a total of 65 percent from FY2019 to FY2021. United and Delta both decreased 62.3 percent over the same period, Alaska fell 52.6 percent, and American saw the least severe (but still significant) decline of 47.7 percent.

FY2022 and FY2023 brought along strong recovery for most airlines at SAN. Additionally, the return of international travel helped the "Other" category of airlines increase beyond American, Delta, and United in share size in FY2023.

While overall growth slowed during FY2024, FY2024 still marked the first fiscal year that SAN surpassed its pre-pandemic FY2019 enplanement count. With 12.5 million total enplanements, FY2024 passed FY2019's 12.4 million. At the end of FY2024, Southwest continued to lead with 4.1 million enplanements (a 32.8 percent share of SAN's market), followed by Alaska with 2.0 million (a 16.2 percent share), then United and Delta both with 1.6 million each (a 13.0 and 12.8 percent share, respectively), and American holds the fifth largest share with 1.5 million enplanements (a 11.8 percent share). The rest of the airlines at SAN collectively compose the remaining 1.7 million enplanements in FY2024 (a 13.4 percent share). This distribution of shares shows strong airline diversification at SAN, indicating a stable market, minimizing the risk of market power abuse, and helping keep airfares competitive.

Figure 34 | SAN Annual Enplanement Trends by Airline, FY2012-FY2024



Source: Airport records.

Table 8 | Annual Enplanements by Airline, FY2012-FY2024

Enplanements by Airline, by Fiscal Year (1000s)													
Airline	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Southwest	3,252	3,253	3,353	3,737	3,840	3,967	4,459	4,656	3,475	1,628	3,394	4,190	4,087
Alaska	752	919	1,079	1,173	1,250	1,326	1,576	1,702	1,325	807	1,741	1,941	2,025
United	1,429	1,354	1,317	1,271	1,348	1,397	1,502	1,593	1,106	600	1,307	1,459	1,621
Delta	1,030	1,006	1,015	1,037	1,234	1,269	1,362	1,505	1,168	568	1,238	1,452	1,591
American	1,219	1,285	1,333	1,399	1,495	1,454	1,493	1,468	1,128	768	1,238	1,282	1,470
Other	893	920	985	1,096	1,039	1,183	1,339	1,432	1,033	491	1,036	1,543	1,675
Total	8,575	8,738	9,082	9,713	10,206	10,596	11,732	12,356	9,235	4,861	9,953	11,868	12,467
AGR		1.9%	3.9%	6.9%	5.1%	3.8%	10.7%	5.3%	-25.3%	-47.4%	104.8%	19.2%	5.1%

Enplanement Shares by Airline, by Fiscal Year													
Airline	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Southwest	37.9%	37.2%	36.9%	38.5%	37.6%	37.4%	38.0%	37.7%	37.6%	33.5%	34.1%	35.3%	32.8%
Alaska	8.8%	10.5%	11.9%	12.1%	12.2%	12.5%	13.4%	13.8%	14.3%	16.6%	17.5%	16.4%	16.2%
United	16.7%	15.5%	14.5%	13.1%	13.2%	13.2%	12.8%	12.9%	12.0%	12.3%	13.1%	12.3%	13.0%
Delta	12.0%	11.5%	11.2%	10.7%	12.1%	12.0%	11.6%	12.2%	12.7%	11.7%	12.4%	12.2%	12.8%
American	14.2%	14.7%	14.7%	14.4%	14.6%	13.7%	12.7%	11.9%	12.2%	15.8%	12.4%	10.8%	11.8%
Other	10.4%	10.5%	10.8%	11.3%	10.2%	11.2%	11.4%	11.6%	11.2%	10.1%	10.4%	13.0%	13.4%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Airport records.

3.5 | Scheduled Passenger Service

Table 9 and Figure 36 summarizes the trends in scheduled passenger service at SAN, by calendar year, from CY2019 through CY2025 (including advance schedules beyond the access date of May 9, 2025). Scheduled passenger service consists of three different measures for every calendar year: number of nonstop destinations, average daily departures, and average daily seats.

Following a sharp decline (44 percent) in CY2020, SAN's scheduled departures and seats have been steadily recovering. As of CY2025, the Airport's average daily scheduled seats have recovered and surpassed its pre-pandemic level, with a daily average of 44,765 seats versus CY2019's 42,289. SAN's daily departures are also set to surpass its pre-pandemic level, with a daily average of 289 departures in CY2025 versus 283 departures in CY2019.

Unique nonstop destinations from SAN did not drop in CY2020, instead the number of nonstop destinations increased slightly to 72 nonstop destinations. The number has been steadily rising, up to 85 unique destinations in CY2024. SAN is set to further expand its destination count in CY2025, with scheduled service to 87 nonstop destinations.

Similar to the trends in enplanements discussed previously, Southwest provides the highest number of flights and seats at SAN, with a daily average seat count of 15,154 and departure count of 97 in CY2025. However, the highest contributor to SAN's number of nonstop destinations is instead Alaska, which is serving 44 unique destinations in CY2025. Figure 37 shows a map of SAN's nonstop destinations, highlighting newly added destinations in 2024 and 2025, such as CMH and DCA.

Airlines have been renewing their fleets with larger, higher capacity aircraft. Overall, SAN has seen an increase in the average seat capacity on each flight, from 149 seats per departure in CY2019 to 155 seats in CY2025. American Airlines appears to be the largest contributor pulling up the Airport's average, having grown seat capacity per departure from 157 in CY2019 to 188 in CY2025.

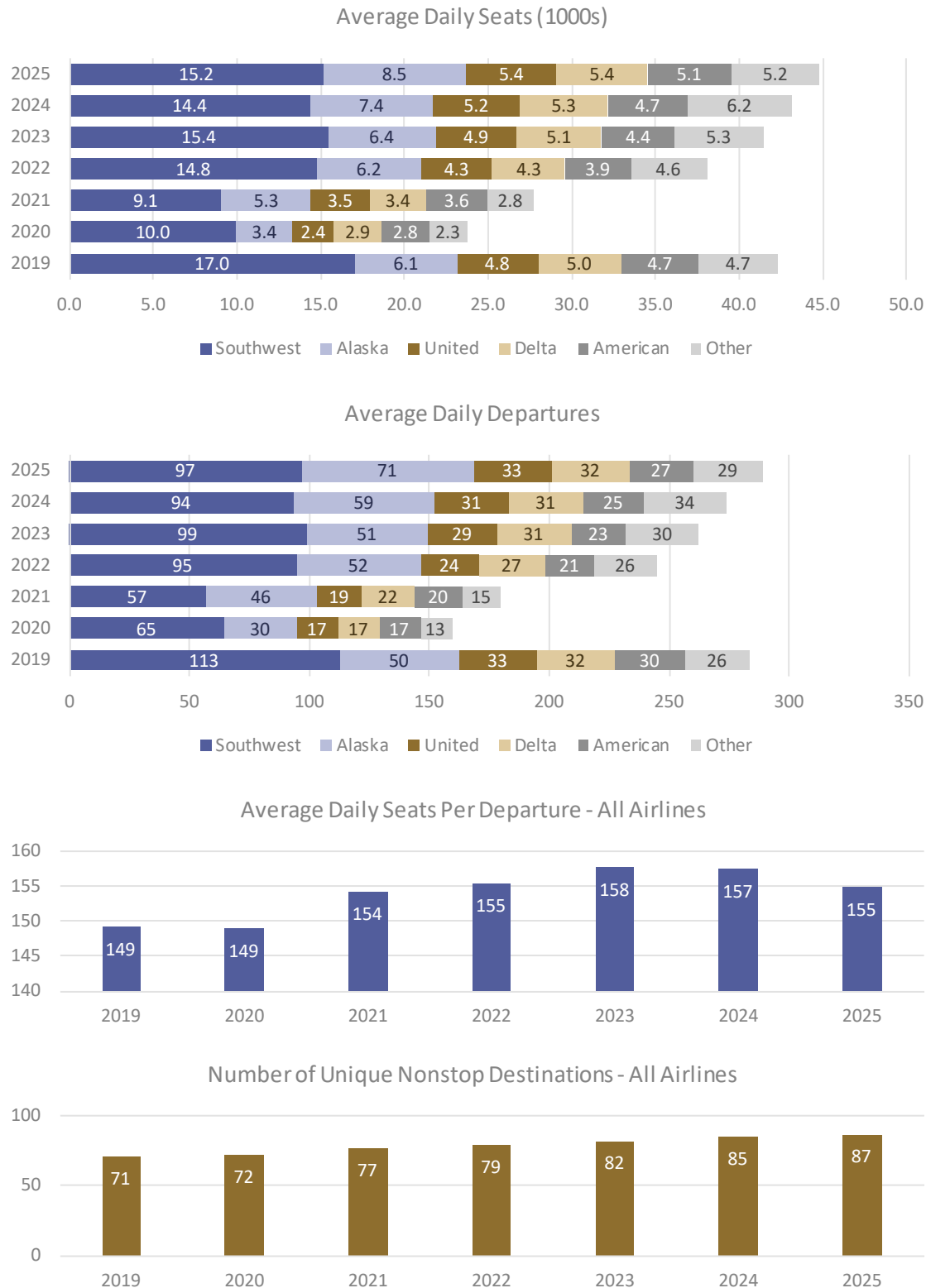
Table 9 | Scheduled Passenger Service at SAN, CY2019-CY2025

Scheduled Service at SAN, by Calendar Year							
Airline	2019	2020	2021	2022	2023	2024	2025
Southwest							
Number of Nonstop Destinations	36	33	32	31	30	33	36
Average Daily Departures	113	65	57	95	99	94	97
Average Daily Seats	17,045	9,962	9,106	14,799	15,449	14,363	15,154
Alaska							
Number of Nonstop Destinations	31	31	33	34	35	41	44
Average Daily Departures	50	30	46	52	51	59	71
Average Daily Seats	6,099	3,375	5,324	6,186	6,406	7,354	8,529
United							
Number of Nonstop Destinations	7	7	7	7	7	7	7
Average Daily Departures	33	17	19	24	29	31	33
Average Daily Seats	4,832	2,448	3,494	4,293	4,864	5,181	5,442
Delta							
Number of Nonstop Destinations	8	8	7	8	9	9	9
Average Daily Departures	32	17	22	27	31	31	32
Average Daily Seats	4,959	2,869	3,387	4,346	5,070	5,275	5,376
American							
Number of Nonstop Destinations	8	8	6	6	6	6	6
Average Daily Departures	30	17	20	21	23	25	27
Average Daily Seats	4,672	2,834	3,637	3,874	4,363	4,735	5,054
Other							
Number of Nonstop Destinations	34	30	32	33	34	36	36
Average Daily Departures	26	13	15	26	30	34	29
Average Daily Seats	4,681	2,251	2,754	4,560	5,258	6,246	5,209
All Airlines							
Number of Nonstop Destinations	71	72	77	79	82	85	87
Average Daily Departures	283	159	180	245	263	274	289
Average Daily Seats	42,289	23,739	27,702	38,058	41,410	43,153	44,765

Note: Nonstop destination counts exclude destinations with less than 5 flights served.

Source: OAG Schedules Analyzer, last accessed on May 9, 2025. All numbers for 2025 are subject to change due to advance schedules beyond the access date.

Figure 35 | SAN Annual Scheduled Passenger Service Trends, CY2019-CY2025



Note: Nonstop destination counts exclude destinations with less than 5 flights served.

Source: OAG Schedules Analyzer, last accessed on May 9, 2025. All numbers for 2025 are subject to change due to advance schedules beyond the access date.

Figure 36 | SAN Nonstop Destination Map, CY2024/2025



Source: San Diego Airport Authority.

3.6 | Top Domestic O&D Markets

Figure 38 shows SAN's top 25 O&D metro markets in CY2023. Metro markets are ranked by share of the SAN's total CY2023 O&D passengers. Altogether, the top 25 O&D airport markets made up 75 percent of O&D passengers at SAN. San Francisco held the largest share with 12.6 percent, far above the rest of SAN's markets. New York City is second with a 5.6 percent share. Sacramento held the third largest share, with 5.1 percent. Las Vegas and Seattle were almost equal with a 4.8 and 4.7 percent share, respectively.

Figure 37 | SAN Top 25 O&D Metro Markets, CY2023

Rank	Destination	State	Share	Rank	Destination	State	Share
1	San Francisco	CA	12.6%	15	Austin	TX	1.9%
2	New York City	NY	5.6%	16	Houston	TX	1.8%
3	Sacramento	CA	5.1%	17	Minneapolis/St. Paul	MN	1.7%
4	Las Vegas	NV	4.8%	18	Atlanta	GA	1.6%
5	Seattle	WA	4.7%	19	Miami	FL	1.5%
6	Denver	CO	4.0%	20	Orlando	FL	1.4%
7	Phoenix	AZ	3.5%	21	Philadelphia	PA	1.2%
8	Washington DC	DC	3.5%	22	Detroit	MI	1.2%
9	Dallas/Fort Worth	TX	3.4%	23	Nashville	TN	1.0%
10	Chicago	IL	3.4%	24	Reno	NV	0.9%
11	Boston	MA	2.7%	25	Kansas City	MO	0.8%
12	Portland	OR	2.4%	Top 25 Subtotal			74.9%
13	Salt Lake City	UT	2.1%	Other			25.1%
14	Honolulu	HI	2.0%	Total			100.0%



Source: Department of Transportation DB1B.

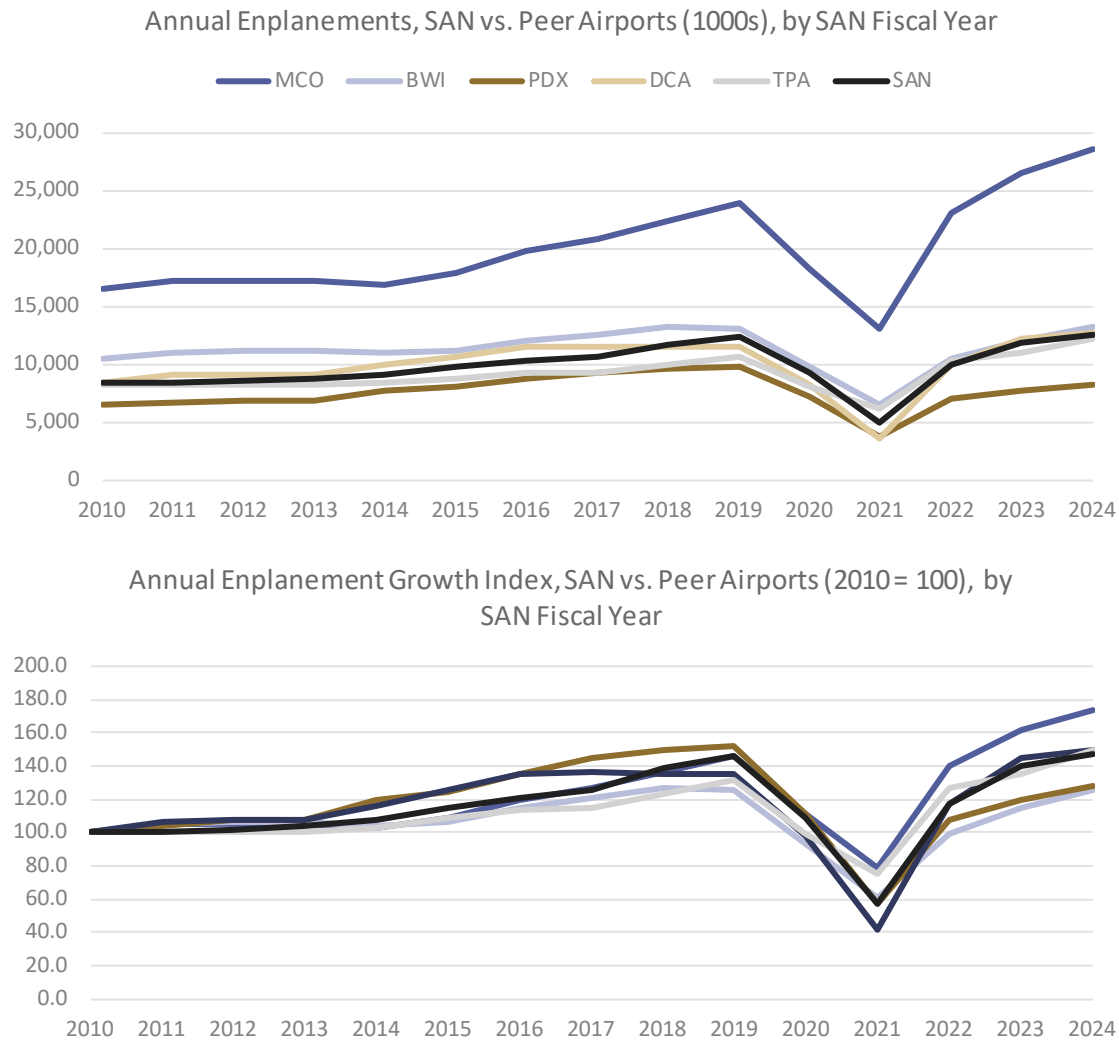
3.7 | Comparison with Other Airports

This subsection compares SAN's air traffic and market fare history with five sample airports that are either close in enplanement counts and/or serve predominantly O&D traffic. These airports include Orlando International Airport (MCO), Baltimore/Washington International Airport (BWI), Portland International Airport (PDX), Washington Dulles International Airport (IAD), Ronald Reagan Washington National Airport (DCA), and Tampa International Airport (TPA).

3.7.1 | Comparison of Enplanement Trends

Figure 39 shows annual enplanements at SAN and five peer airports from FY2010 to FY2024 and growth indexed to FY2010. SAN's relative rank among its sampled peers has slowly risen over this period. SAN started with the second lowest enplanements just above TPA in FY2010. It eventually surpassed IAD and DCA to reach its middle position in FY2019, maintaining it through the FY2020 pandemic-induced decline. However, DCA's faster recovery pushed SAN's ranking down slightly into the lower half of the sampled airports' enplanement counts as of FY2024. Overall, the actual FY2024 spread of each airport's enplanement count is tight, with relatively minor differences from one another, aside from MCO being an outlier above the rest.

Figure 38 | SAN vs. Peer Airport Enplanement Trends, by SAN Fiscal Year, FY2010-FY2024



Sources: Airport records for SAN and Bureau of Transportation Statistics for other airports.

Note: Annual totals for other airports have been recalculated to align with SAN's fiscal year (July 1-June 30).

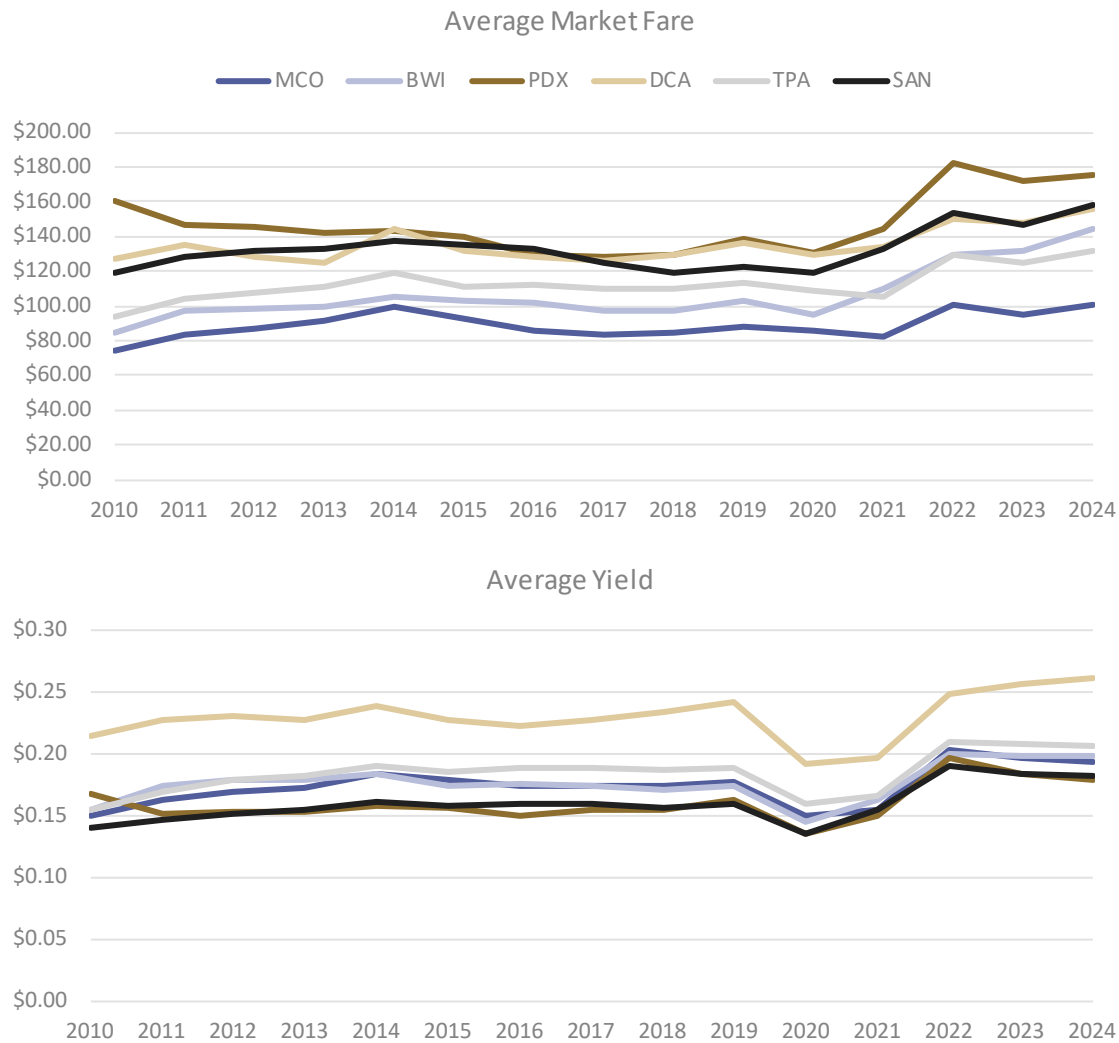
3.7.2 | Comparison of Market Fare and Yield Trends

Figure 40 shows annual average market fare and average yield trends for SAN and its five peer airports, this time by calendar year from CY2010 to CY2024. SAN's annual average market fare has stayed mainly in the middle of its peers, with an average market fare of \$119 in CY2010 that slowly rose to \$137 before trending slowly back down to \$119 in CY2020. After the onset of the COVID-19 pandemic, however, SAN's market fare began to rise above its previous history, much like most of its peers, and so far, has reached a new peak of \$158 as of CY2024, now the second-highest among its peers.

Unlike its market fare trend, SAN has consistently had the lowest or second-lowest average yield among the six sampled airports throughout its available history, reflecting longer air travel

distances. SAN's annual average yield hovered between \$0.14 and \$0.16 from CY2010 to CY2021, until it rose with all the other airports in CY2022 and sits at \$0.18 as of CY2024.

Figure 39 | SAN vs. Peer Airport Market Fare and Yield (in Current Dollars), by Calendar Year, CY2010-CY2024



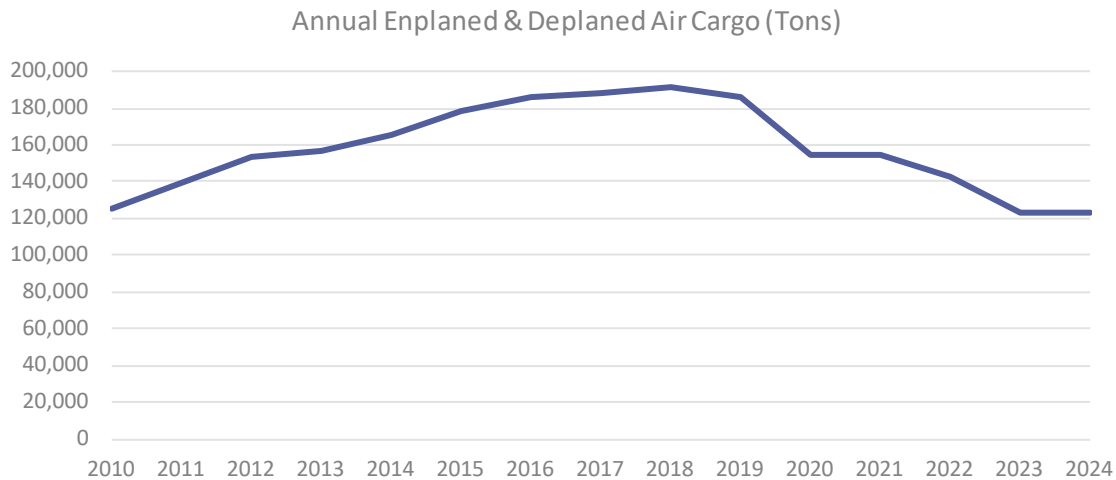
Source: Department of Transportation DB1B.

3.8 | Air Cargo

Figure 41 charts SAN's annual air cargo trends, showing the annual total of enplaned and deplaned cargo at the Airport from FY2010 to FY2024. Overall, cargo activity experienced steady growth through the 2010s, from about 125,000 tons in FY2010 to a peak of roughly 191,000 tons in FY2018. SAN's cargo faced a minor decrease in FY2019, but the COVID-19 pandemic brought a substantial drop in FY2020, down to 154,000 tons. That level stayed essentially the same in FY2021, and further decreased to approximately 142,000 tons in FY2022. Cargo tonnage reduced

another 13.2 percent as of FY2023, and largely maintained its level through FY2024 with roughly 123,000 tons.

Figure 40 | SAN Annual Enplaned & Deplaned Cargo, FY2010-FY2024

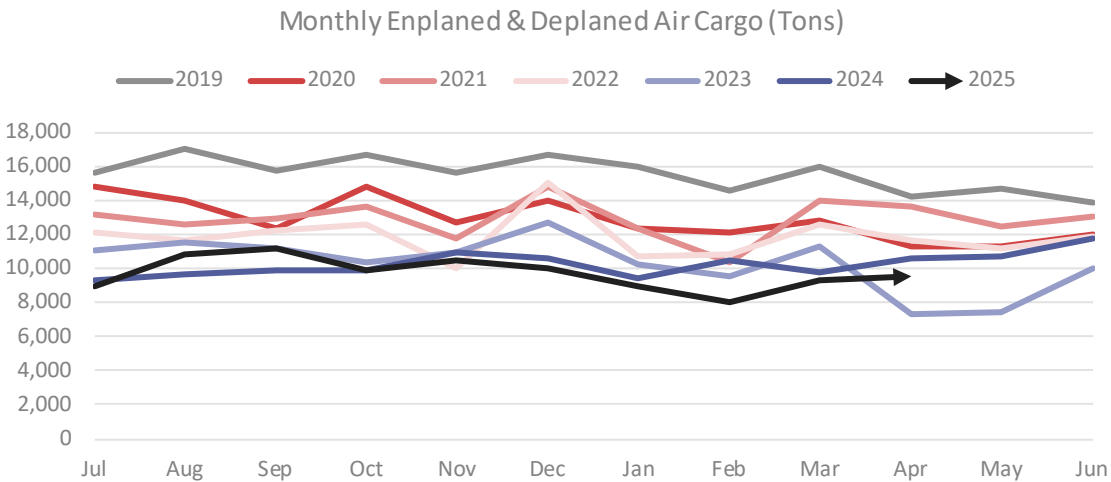


Source: Airport records.

Figure 42 details SAN's enplaned and deplaned cargo by month, from FY2019 through January FY2025. Monthly cargo patterns are relatively stable at SAN, with no significantly higher peaks or lower troughs, and almost every month holding at least a 7 percent share of its year's cargo.

However, one near-consistent peak month is December, which held the largest share of cargo every year except FY2019 and FY2020. Even then, however, SAN's peak months are not drastically higher than others, ranging from a share of 8.9 percent (in December FY2018 with 16,936 tons) to SAN's largest single monthly share of 10.5 percent (in December FY2022 with 15,006 tons). FY2024 also appears to have departure from this trend, moving its peak month to June, but exhibiting an overall flatter monthly trend than FY2023. The available ten months of FY2025 maintains the lower level of cargo shown since FY2023, decreasing below FY2024 as well from November onward.

Figure 41 | SAN Monthly Enplaned & Deplaned Cargo, FY2010-FYTD2025



Source: Airport records.

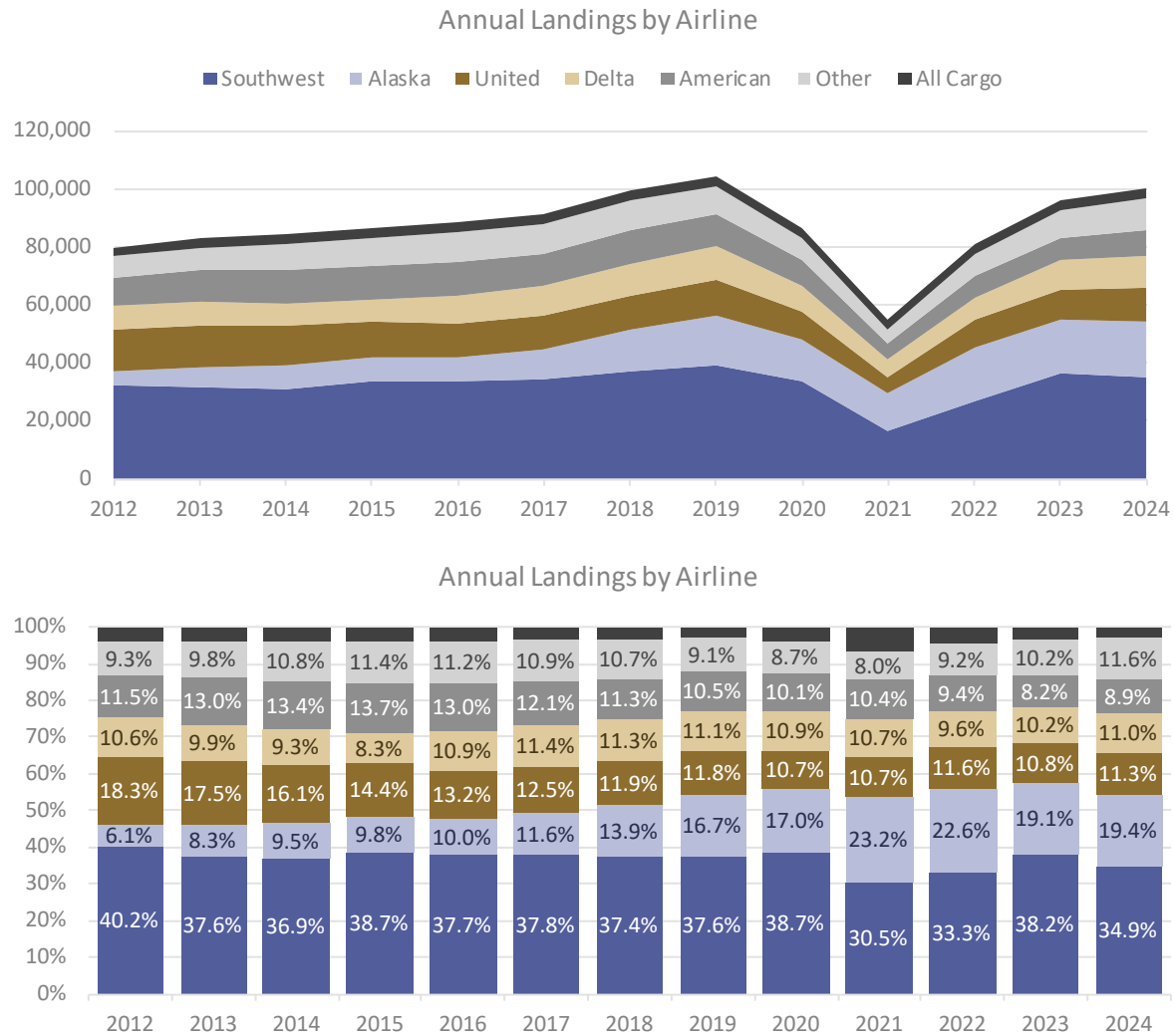
3.9 | Commercial Aircraft Landings and Landed Weight

Figure 43 and Figure 44 shows the annual trends for landings and landed weight at SAN from FY2012 to FY2024. Table 10 breaks down SAN's annual landings and market shares by airline, while Table 11 does the same for SAN's annual landed weight.

As shown in other aspects of SAN's aviation activity, Southwest has consistently been the largest contributor to the Airport's landings and landed weight. Prior to the COVID-19 pandemic, Southwest's share of both landings and landed weight more than doubled that of its next highest competitor. Though Southwest's lead is no longer quite as distant, it still holds the dominant share in both measures by a substantial margin, at roughly a third of the market.

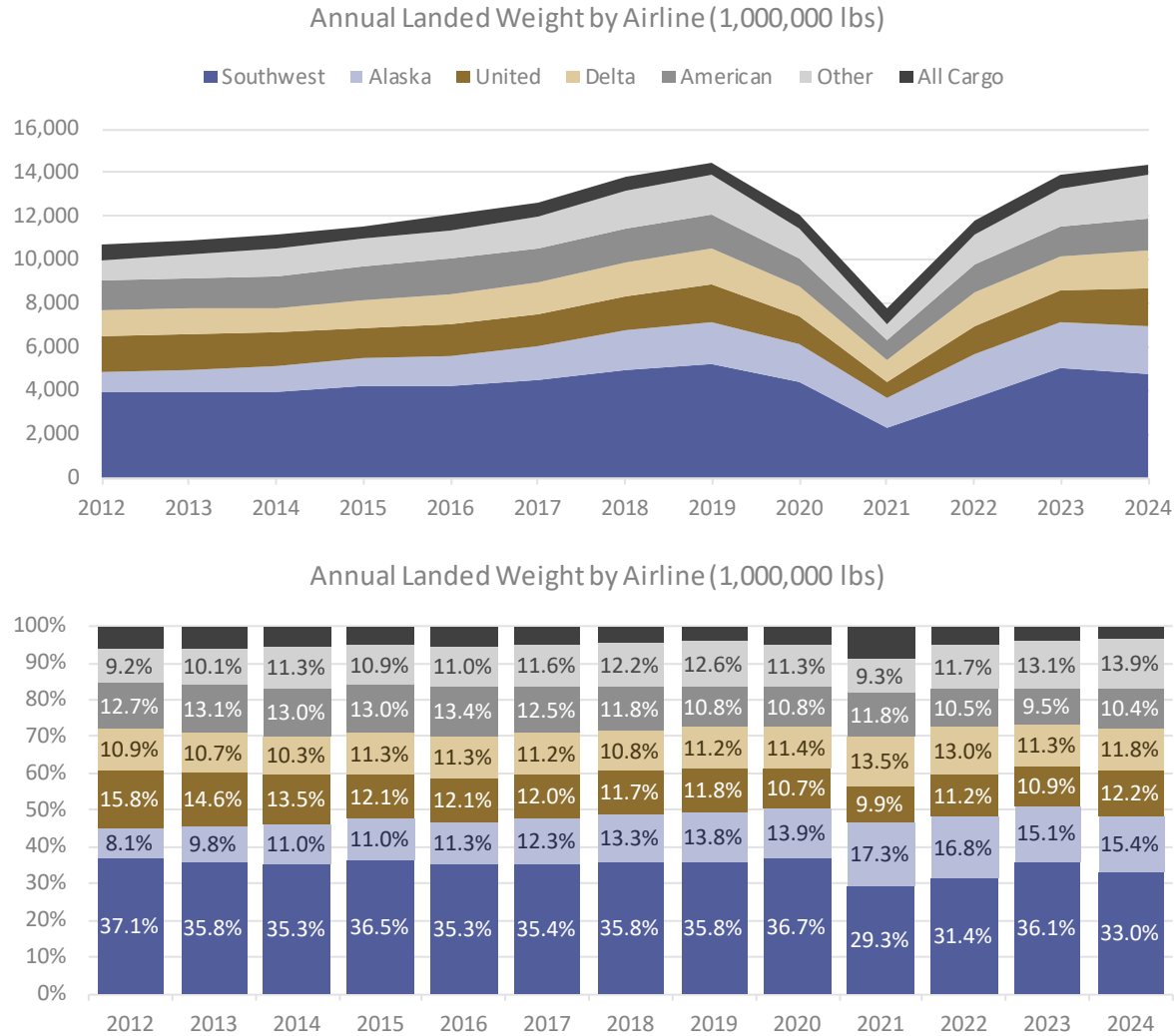
As of FY2024, SAN's landings and landed weight have mostly recovered to pre-pandemic levels. With just under 100,000 landings, FY2024 landings reached 96.0 percent of the Airport's FY2019 peak of 104,000. With 14.4 billion pounds of landed weight, FY2024 reached 99.4 percent of SAN's FY2019 peak of 14.5 billion.

Figure 42 | Annual Landing Trends at SAN, FY2012-FY2024



Source: Airport records.

Figure 43 | Annual Landed Weight Trends at SAN, FY2012-FY2024



Source: Airport records.

Table 10 | SAN Landings by Airline, FY2012-FY2024

Landings by Airline, by Fiscal Year													
Airline	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Southwest	32,100	31,266	31,092	33,421	33,328	34,399	37,355	39,175	33,477	16,695	26,993	36,644	34,888
Alaska	4,877	6,878	8,019	8,428	8,851	10,537	13,888	17,381	14,719	12,731	18,321	18,316	19,378
United	14,604	14,566	13,587	12,419	11,628	11,407	11,892	12,272	9,239	5,879	9,371	10,407	11,280
Delta	8,456	8,238	7,851	7,180	9,640	10,355	11,302	11,566	9,411	5,835	7,819	9,819	10,972
American	9,163	10,840	11,325	11,843	11,480	11,046	11,288	10,912	8,756	5,689	7,594	7,879	8,906
Other	7,429	8,126	9,085	9,830	9,879	9,907	10,657	9,512	7,487	4,379	7,451	9,820	11,580
Subtotal	76,629	79,914	80,959	83,121	84,806	87,651	96,382	100,818	83,089	51,208	77,549	92,885	97,004
All Cargo	3,305	3,164	3,254	3,320	3,499	3,385	3,378	3,322	3,431	3,580	3,487	3,117	2,958
Total	79,934	83,078	84,213	86,441	88,305	91,036	99,760	104,140	86,520	54,788	81,036	96,002	99,962
AGR		3.9%	1.4%	2.6%	2.2%	3.1%	9.6%	4.4%	-16.9%	-36.7%	47.9%	18.5%	4.1%

Landing Shares by Airline, by Fiscal Year													
Airline	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Southwest	40.2%	37.6%	36.9%	38.7%	37.7%	37.8%	37.4%	37.6%	38.7%	30.5%	33.3%	38.2%	34.9%
Alaska	6.1%	8.3%	9.5%	9.8%	10.0%	11.6%	13.9%	16.7%	17.0%	23.2%	22.6%	19.1%	19.4%
United	18.3%	17.5%	16.1%	14.4%	13.2%	12.5%	11.9%	11.8%	10.7%	10.7%	11.6%	10.8%	11.3%
Delta	10.6%	9.9%	9.3%	8.3%	10.9%	11.4%	11.3%	11.1%	10.9%	10.7%	9.6%	10.2%	11.0%
American	11.5%	13.0%	13.4%	13.7%	13.0%	12.1%	11.3%	10.5%	10.1%	10.4%	9.4%	8.2%	8.9%
Other	9.3%	9.8%	10.8%	11.4%	11.2%	10.9%	10.7%	9.1%	8.7%	8.0%	9.2%	10.2%	11.6%
Subtotal	95.9%	96.2%	96.1%	96.2%	96.0%	96.3%	96.6%	96.8%	96.0%	93.5%	95.7%	96.8%	97.0%
All Cargo	4.1%	3.8%	3.9%	3.8%	4.0%	3.7%	3.4%	3.2%	4.0%	6.5%	4.3%	3.2%	3.0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Airport records.

Table 11 | SAN Landed Weight by Airline, FY2012-FY2024

Landed Weight by Airline, by Fiscal Year (1,000,000 lbs)													
Airline	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Southwest	3,954	3,908	3,925	4,214	4,257	4,470	4,924	5,180	4,422	2,277	3,688	5,001	4,759
Alaska	863	1,072	1,223	1,265	1,361	1,545	1,829	1,995	1,672	1,343	1,981	2,092	2,219
United	1,686	1,590	1,500	1,394	1,461	1,516	1,611	1,702	1,285	771	1,321	1,514	1,755
Delta	1,163	1,163	1,146	1,305	1,362	1,417	1,484	1,617	1,374	1,049	1,528	1,569	1,693
American	1,351	1,426	1,447	1,499	1,621	1,576	1,627	1,566	1,299	918	1,239	1,318	1,498
Other	981	1,101	1,253	1,260	1,325	1,468	1,678	1,822	1,365	722	1,375	1,812	2,007
Subtotal	9,998	10,261	10,493	10,937	11,386	11,993	13,153	13,882	11,417	7,080	11,133	13,305	13,931
All Cargo	662	653	624	597	666	623	617	600	636	700	631	564	470
Total	10,661	10,914	11,117	11,535	12,053	12,616	13,770	14,481	12,053	7,780	11,764	13,869	14,401
AGR		2.4%	1.9%	3.8%	4.5%	4.7%	9.1%	5.2%	-16.8%	-35.5%	51.2%	17.9%	3.8%

Landed Weight Shares by Airline, by Fiscal Year													
Airline	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Southwest	37.1%	35.8%	35.3%	36.5%	35.3%	35.4%	35.8%	35.8%	36.7%	29.3%	31.4%	36.1%	33.0%
Alaska	8.1%	9.8%	11.0%	11.0%	11.3%	12.3%	13.3%	13.8%	13.9%	17.3%	16.8%	15.1%	15.4%
United	15.8%	14.6%	13.5%	12.1%	12.1%	12.0%	11.7%	11.8%	10.7%	9.9%	11.2%	10.9%	12.2%
Delta	10.9%	10.7%	10.3%	11.3%	11.3%	11.2%	10.8%	11.2%	11.4%	13.5%	13.0%	11.3%	11.8%
American	12.7%	13.1%	13.0%	13.0%	13.4%	12.5%	11.8%	10.8%	10.8%	11.8%	10.5%	9.5%	10.4%
Other	9.2%	10.1%	11.3%	10.9%	11.0%	11.6%	12.2%	12.6%	11.3%	9.3%	11.7%	13.1%	13.9%
Subtotal	93.8%	94.0%	94.4%	94.8%	94.5%	95.1%	95.5%	95.9%	94.7%	91.0%	94.6%	95.9%	96.7%
All Cargo	6.2%	6.0%	5.6%	5.2%	5.5%	4.9%	4.5%	4.1%	5.3%	9.0%	5.4%	4.1%	3.3%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Airport records.

3.10 | Forecast Commercial Aviation Activity

The forecast considers shifts in air service supply and demand, changes in the business environment, and the underlying factors driving passenger traffic growth. To project air traffic through different stages of growth, we use a hybrid modeling framework that integrates multiple forecasting methods and data sources.

We present two scenarios—Base and Low—each reflecting different paces of short- and long-term growth. The Base scenario assumes that recent economic and air traffic trends will continue. The Low scenario takes a more cautious view, considering longer-lasting labor and fleet constraints on airline capacity, dampening effects of high prices on discretionary travel spending, a cooling labor market, and slowing economic growth.

The two scenarios provide a reasonable range for planning and sensitivity analysis. However, forecasts are inherently uncertain, and many factors can cause actual performance to deviate from the projected range. In addition, structural changes in the airline industry and the broader economy heighten risks and uncertainties. At the end of this section, we will discuss various factors contributing to forecast risk and uncertainty.

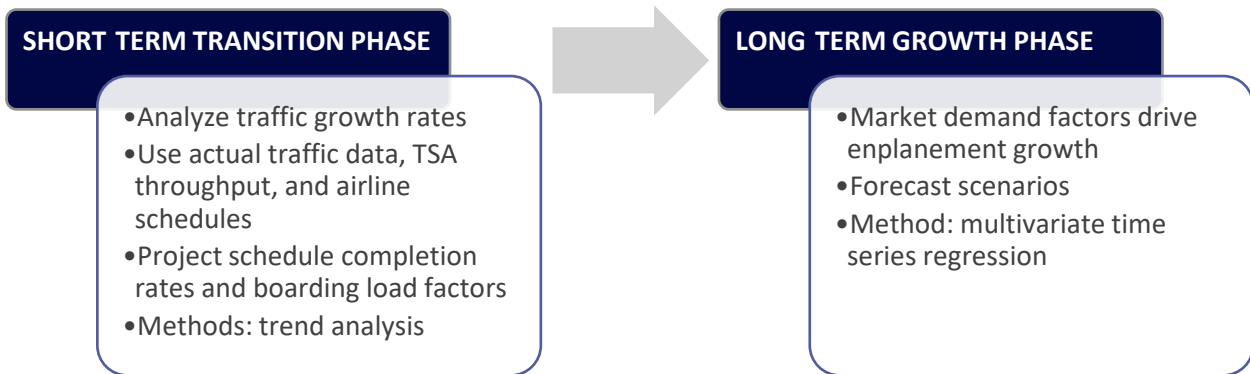
3.10.1 | Forecast Methodology

Our hybrid modeling framework combines different methods and data sources to project air traffic in two phases (Figure 45):

- **Short-term transition** - We analyze growth trends and project flights, seats, and enplanements for individual airlines based on their advance schedules, schedule completion rates, and boarding load factors. This process produces near-term projections through November 2025. Beyond that, we analyze the trends in monthly enplanements and assume a stabilization in enplanement growth through the remainder of CY2025.
- **Long-term growth** - Once growth stabilizes, we switch to multivariate regression analysis to quantify the contribution of key market drivers (income and price) to air travel demand. We then forecast annual enplanement growth based on the projected trends in these drivers.

By dividing the forecast period into phases, we can apply the most appropriate methods, data, and assumptions to capture the factors driving air traffic trends in each phase. For example, airline schedules and operational factors provide a good basis for short-term projections. In the long run, market factors, such as income and price, primarily drive long-term passenger traffic, which in turn drives aircraft operations and landed weight. Multivariate regression analysis provides a better framework for linking long-term traffic growth to these market factors.

Figure 44 | Hybrid Forecast Development by Phase



Source: Unison Consulting, Inc.

3.10.2 | Short-Term Phase

In this phase, forecast development considers the recent growth in traffic based on actual airport activity (enplanements, departures, and landed weight) through January 2025, TSA screening throughput through April 2025, and advance airline schedules (accessed in May 2025).

Advance airline schedules provide the starting point for projecting seats and enplanements only through November 2025. Beyond that, advance schedules become less reliable due to changes in airline networks and routes. To account for potential schedule adjustments, we apply a completion factor to scheduled seats. This considers weather and aircraft maintenance disruptions, as well as periodic schedule adjustments anticipating flight bookings and the projected availability of aircraft and crew. Table 12 shows the projected schedule completion rates decreasing from 100 percent to 97 percent in the Base scenario and 93 percent in the Low scenario by November 2025.³⁴

Table 12 | Projected Schedule Completion Rates and Scheduled Seats

Month	Schedule Completion Rate		Projected Seats	
	Base	Low	Base	Low
Feb-25	100.0%	100.0%	1,089,628	1,089,628
Mar-25	100.0%	100.0%	1,302,882	1,302,882
Apr-25	100.0%	100.0%	1,300,278	1,300,278
May-25	100.0%	100.0%	1,397,624	1,397,624
Jun-25	100.0%	100.0%	1,426,622	1,426,622
Jul-25	100.0%	100.0%	1,465,705	1,465,705
Aug-25	100.0%	100.0%	1,433,055	1,433,055
Sep-25	99.0%	95.0%	1,348,010	1,293,545
Oct-25	98.0%	94.0%	1,486,390	1,425,721
Nov-25	97.0%	93.0%	1,393,245	1,335,792

³⁴ Allegiant is expected to cease its service to SAN by the end of September 2025.

Source: OAG Schedules Analyzer and Unison Consulting, Inc.

We apply boarding load factors (BLFs) to projected seats to estimate monthly enplanements. The BLF assumptions in Table 13 reflect seasonal patterns and a stabilization in travel patterns. In CY2024, the Airport's monthly BLF averaged 80.9 percent, 0.8 percentage points lower than CY2019 levels (81.7 percent).

In CY2025, we assume BLF will roughly follow 2024 patterns in the Base scenario and trend lower in the Low scenario. We project the average monthly BLF to be around 80.0 percent in the Base scenario, reflecting both increased seat capacity and slight softening in demand through 2025Q1, and 76.8 percent in the Low scenario.

Table 13 | Actual and Projected Boarding Load Factors (BLF)

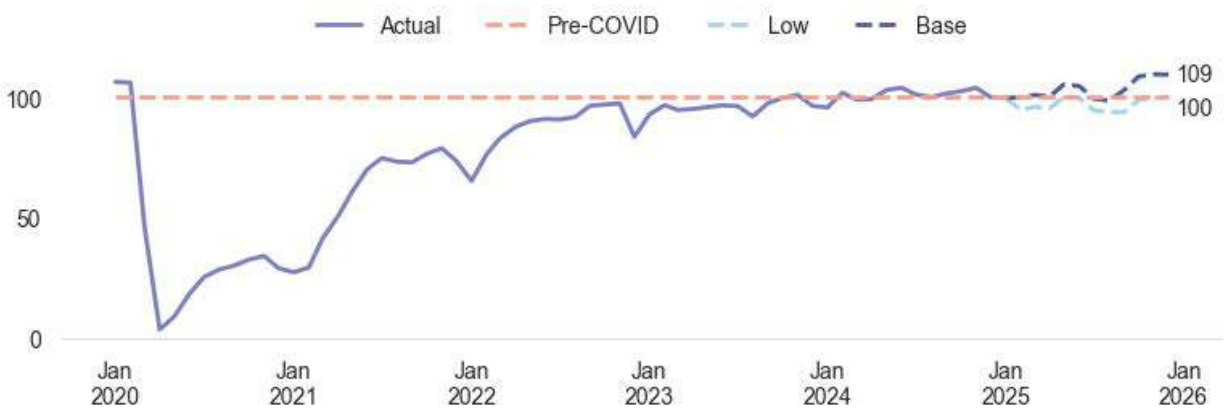
Month	Historical			2025 Projected Boarding Load Factors	
	2019	2023	2024	Base	Low
Jan	74.0%	72.2%	73.2%	75.0%	75.0%
Feb	77.3%	78.4%	79.2%	77.8%	74.3%
Mar	83.0%	82.2%	83.4%	81.9%	78.4%
Apr	84.0%	82.4%	82.6%	81.2%	77.7%
May	81.5%	79.8%	82.1%	80.8%	77.3%
Jun	85.5%	84.5%	85.3%	84.2%	80.7%
Jul	84.9%	85.5%	83.2%	82.0%	78.5%
Aug	83.4%	79.6%	81.9%	81.2%	77.7%
Sep	81.0%	79.5%	80.0%	79.7%	76.2%
Oct	80.4%	81.7%	79.6%	78.5%	75.1%
Nov	82.0%	80.1%	80.2%	78.9%	75.4%
Dec	83.2%	78.8%	79.7%	78.3%	74.8%
Average	81.7%	80.4%	80.9%	80.0%	76.8%

Source: OAG Schedules Analyzer and Unison Consulting, Inc.

Notes: BLF = enplanements/OAG scheduled seats. Forecasts begin in February 2025.

Monthly enplanements (indexed to 2019 in Figure 46) first exceeded pre-2019 levels by around 2 percent 2024Q2 and have stabilized. With the addition of new service from Alaska, we expect monthly enplanements to end 2025 at around 109 percent of 2019 levels in the Base scenario and 100 percent in the Low scenario.

Figure 45 | Monthly Enplanements: Actual and Forecast Indexed to 2019 Level, January 2020 – December 2025

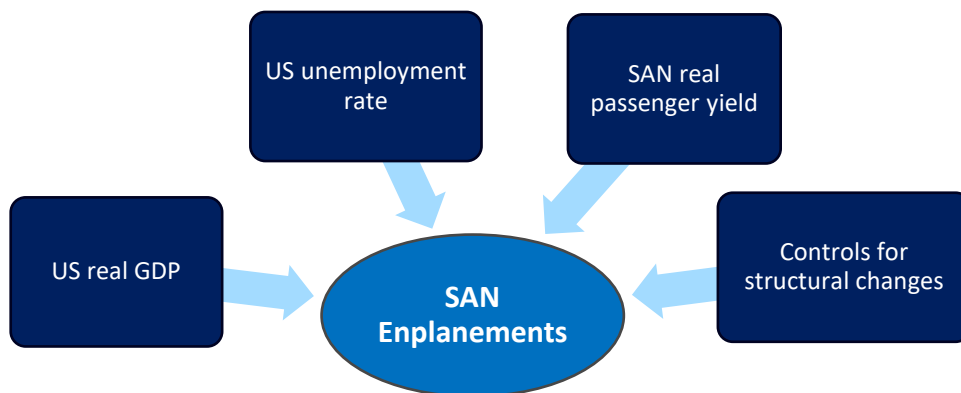


Source: Unison Consulting, Inc.

3.10.3 | Long-Term Phase

For long-term forecasting, we shift to a demand-driven approach. We assume that traffic growth will follow historical patterns, with market factors driving passenger traffic and airlines adjusting supply to meet demand. Multivariate time series regression analysis provides a rigorous quantitative framework for measuring the impact of market drivers (income and price indicators) on enplanement growth while considering structural changes (Figure 47).

Figure 46 | Key Drivers of Enplanement Growth



Source: Unison Consulting, Inc.

Forecasting using regression analysis involves two steps:

1. **Model estimation** – We estimate the regression equation using historical and short-term forecast data (1993-2025). The equation includes “coefficients” that measure the effect of each driver on enplanements.

2. Forecast development – We combine the regression coefficient estimates with projections of market drivers to forecast enplanement growth.

The regression estimation method minimizes forecast errors, which measure the differences between the actual and predicted enplanement levels.

Consumer demand theory, along with our assessment of structural changes at the Airport and the aviation industry, informs the specification of the regression model. The dependent variable is enplanements, and the key explanatory variables include economic indicators (U.S. unemployment rate and real GDP) and a price indicator (SAN's real passenger yield).³⁵

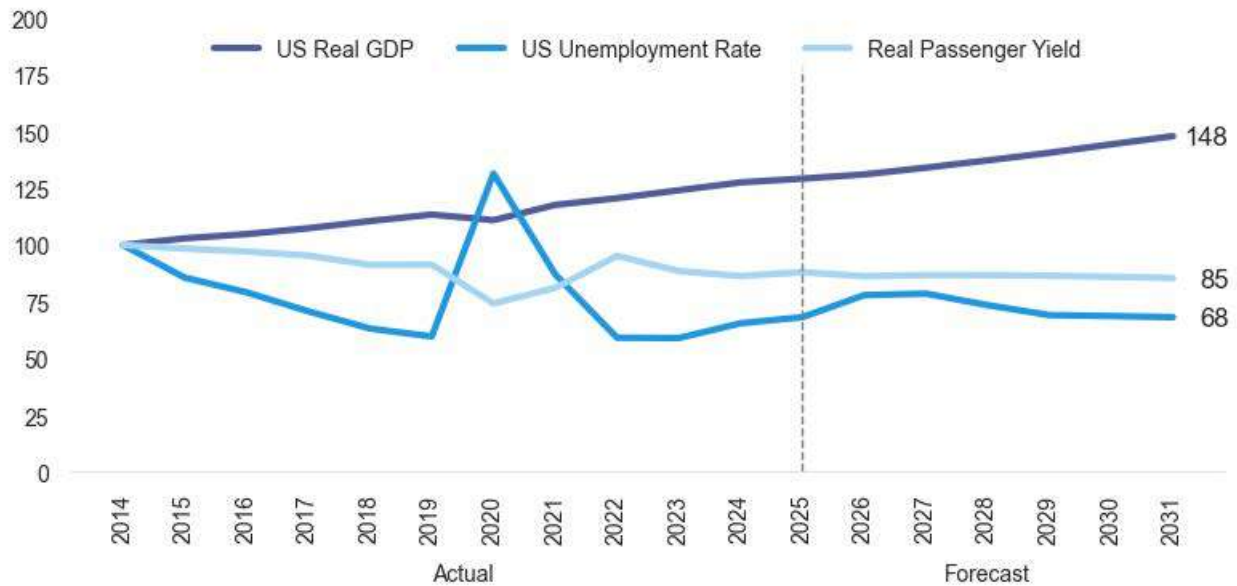
Figure 48 presents the historical and forecast trends for these variables for the Base scenario. The projections for these variables utilize Moody's Analytics' April 2025 forecasts for U.S. real GDP, unemployment rate, and consumer price index. The Low scenario utilizes Moody's 75th- and 90th-percentile downside scenarios (March 2025 vintage) for U.S. unemployment rate and real GDP.³⁶ Additionally, we adjusted Moody's Analytics forecasts to account for subsequent macroeconomic developments that increased downside risks, more recent economic forecasts from the Wall Street Journal's Economic Forecasting Survey (April 2025), and tariff impact estimates from The Budget Lab at Yale (April 2025).³⁷

³⁵ Enplanement and U.S. real GDP variables are log transformed to improve model fit.

³⁶ In Moody's downside scenarios, a 75th-percentile downside implies that there is a 75 percent probability that the economy will perform better, and a 25 percent chance it will perform worse. After adjustments, our Low scenario economic forecasts fall between Moody's two downside scenarios.

³⁷ See <https://www.wsj.com/economy/economic-forecasting-survey-archive-11617814998> and <https://budgetlab.yale.edu>.

Figure 47 | Key Regression Model Explanatory Variables: Historical and Forecast Trends for the Base Scenario, Indexed to 2014 (2014 = 100)



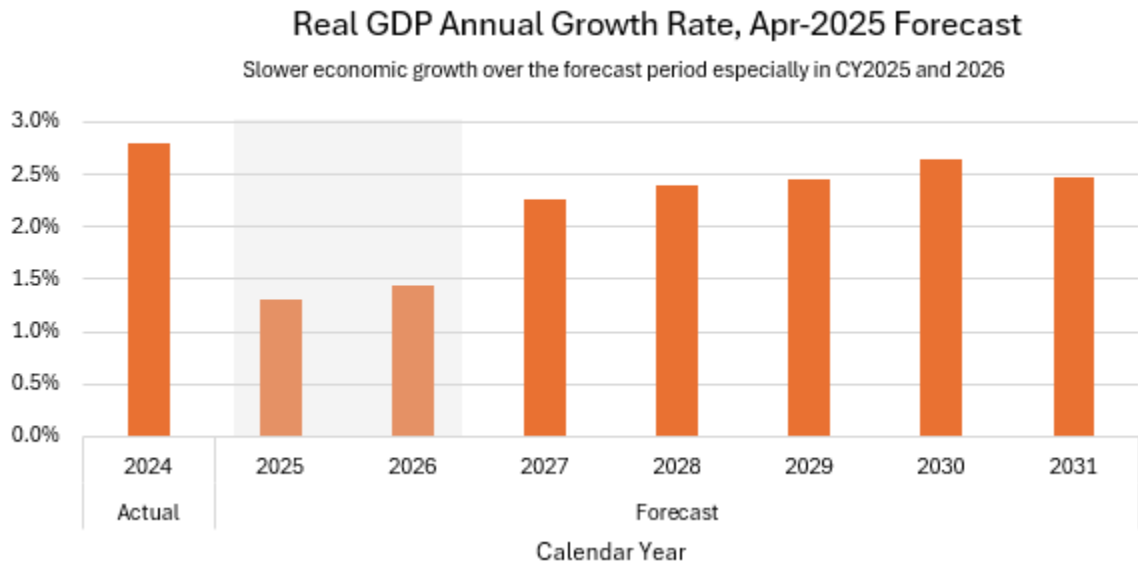
Sources: Moody's Analytics, U.S. Department of Transportation, and Federal Aviation Administration. For readability, historical trends in the figure begin in 2014, even though the regression model employs historical data from 1993.

U.S. Real GDP

U.S. real GDP is a comprehensive indicator of national economic conditions and income levels, both of which drive air travel demand. Holding all other factors constant, increases in real GDP stimulate enplanements, while decreases lower enplanements. The positive and statistically significant regression coefficient U.S. real GDP confirms this direct relationship.

As shown in Figure 49, the Base scenario projects an average annual growth rate of 2.1 percent over the forecast horizon, with a slowdown in CY2025-2026 (1.3-1.4 percent annual growth). This average growth rate is below both the historical average of 2.6 percent observed from 2014 to 2019 and the average of 2.4 percent recorded between 2019 and 2024. The Low scenario anticipates a contraction in CY2026 and slower ensuing recovery, yielding a modest average annual growth rate of 1.6 percent.

Figure 48 | Actual and Projected Real GDP Annual Growth Rate, CY2024 - CY2031



Sources: Moody’s Analytics.

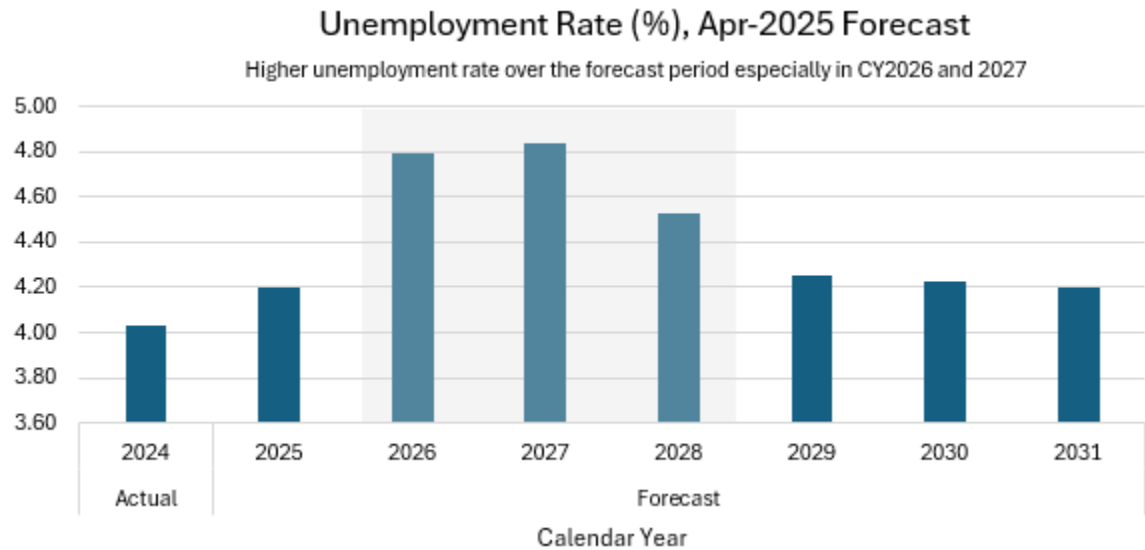
U.S. Unemployment Rate

The national unemployment rate reflects the overall condition of the national labor market. Decreases in this measure indicate a growing economy, potentially leading to higher passenger traffic. The negative and statistically significant regression coefficient of this variable confirms an inverse relationship.

Prior to the pandemic, the U.S. unemployment rate had consistently declined, reaching historic lows in 2019. However, this trend reversed in 2020, with unemployment rates rising sharply during the 2020 recession. They also retreated quickly to pre-pandemic low levels in 2022 and 2023. The labor market began to show signs of cooling in 2024, with an uptick in the unemployment rate.

Under the Base scenario, unemployment is projected to rise to just above 4.8 percent by CY2027 before returning to 4.2 percent by CY2031 (Figure 50). The Low scenario anticipates a significant rise in unemployment rate in the near term to a peak of 7.3 percent in CY2026, before falling to around 4.6 percent by CY2031.

Figure 49 | Actual and Projected U.S. Unemployment Rate, CY2024 – CY2031



Sources: Moody’s Analytics.

Real Passenger Yield at SAN

Consumer theory suggests a negative relationship between air travel demand and price. Holding all else constant, an increase in price decreases passenger traffic, while a decrease in price increases passenger traffic. Our measure of price is the average real passenger yield, calculated as total airline passenger revenues divided by revenue passenger miles, adjusted for inflation. This measure, which accounts for trip distance, serves as a more accurate indicator of the price of air travel than average airfare. Regression analysis supports the theory, showing a negative and statistically significant regression coefficient for real passenger yield.

Between 2014 and 2019, SAN’s real passenger yields remained relatively stable, hovering around 0.14-0.15. In 2020, airlines significantly reduced airfares to stimulate demand, causing yields to decline to approximately \$0.12 at their lowest. Yields have since gradually recovered, trending toward historical levels. By CY2024, SAN’s real passenger yield had returned to around \$0.14, and it is expected to remain relatively stable in the Base scenario (CAGR=-0.1 percent). In the Low scenario, it is expected to be close to \$0.15 (CAGR=0.4 percent).

Structural Changes

The regression model controls for the adverse effects of the 9/11-terrorist attacks and COVID-19 pandemic on passenger traffic and serial correlation in time series data.

Together, these explanatory variables are strong predictors of the Airport’s enplanement trends.

3.10.4 | Forecast Results

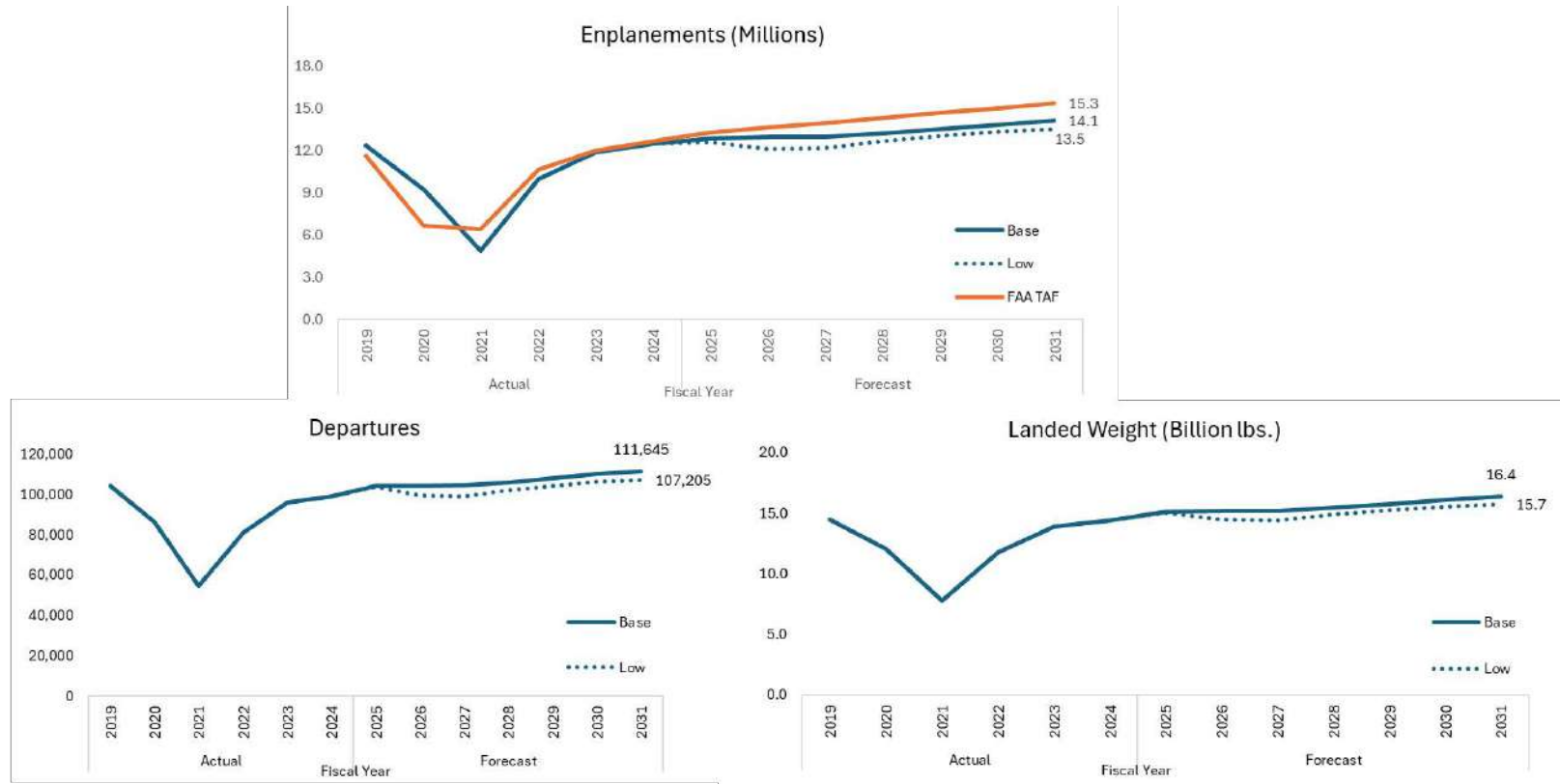
Figure 51 presents the forecast results and compares the enplanement forecasts with the 2023 FAA Terminal Area Forecasts (TAF) published in January 2025. Table 15 to Table 21 present the forecast details, summarized below.

- Scenario 1 (Base) – Enplanements are projected to reach 12.8 million in FY2025, growing year over year by 3.0 percent. In the near term, due to anticipated economic slowdown, enplanement growth is projected to moderate before resuming robust growth after FY2027. They are expected to reach 14.1 million by FY2031 (CAGR, 1.8 percent).
- Scenario 2 (Low) – A contraction in the economy and an uptick in unemployment, among other factors, are expected to dampen enplanement growth beginning in FY2025, leading to a decrease in enplanements in FY2026 before growth resumes in FY2027. Enplanements are expected to reach 13.5 million in FY2031 (CAGR, 1.2 percent).
- 2024 FAA TAF, January 2025 publication – The TAF is on a federal fiscal year basis, ending on September 30. Compared to this study's forecasts, the TAF projects higher enplanement levels than the Base scenario. At the end of the forecast period, enplanements are expected to reach around 15.3 million, which is around 9 percent above the Base scenario and around 13 percent above the Low scenario. Since the TAF was developed in CY2024, its projections may not reflect the latest developments in the U.S. economy.

We project seats and aircraft departures (landings) based on forecast annual enplanements, average seats per departure projections, and boarding load factors. Generally, flight departures grow slower than enplanements due to increases in average seats per departure and boarding load factors over time. By the end of the forecast period, annual aircraft departures reach 111,645 operations in the Base scenario (CAGR, 1.7 percent) and 107,205 operations in the Low scenario (CAGR, 1.1 percent).

We project landed weight based on forecast aircraft landings. Generally, landed weight increases faster than landings due to upgauging (the use of larger aircraft), which raises the average weight per landing. By the end of the forecast period, landed weight is expected to reach 16.4 billion pounds in the Base scenario (CAGR, 1.9 percent) and 15.7 billion pounds in the Low scenario (CAGR, 1.3 percent).

Figure 50 | Historical and Forecast Commercial Aviation Activity at SAN



Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 14 | Forecast Enplanements – Scenario 1 (Base)

Fiscal Year Ending in June	Actual						Forecast							CAGR
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Enplanements (1,000s)														
Alaska	1,702	1,325	807	1,741	1,941	2,025	2,342	2,363	2,370	2,411	2,468	2,523	2,574	3.5%
American	1,468	1,128	768	1,238	1,282	1,470	1,513	1,526	1,531	1,557	1,594	1,629	1,662	1.8%
Delta	1,505	1,168	568	1,238	1,452	1,591	1,631	1,646	1,651	1,679	1,719	1,757	1,793	1.7%
Southwest	4,656	3,475	1,628	3,394	4,190	4,087	3,984	4,019	4,031	4,100	4,198	4,291	4,379	1.0%
United	1,593	1,106	600	1,307	1,459	1,621	1,640	1,655	1,660	1,688	1,728	1,767	1,803	1.5%
Other signatory	1,179	859	445	880	1,253	1,372	1,353	1,365	1,369	1,393	1,426	1,457	1,487	1.2%
Passenger - Signatory	12,103	9,061	4,815	9,797	11,577	12,164	12,464	12,573	12,612	12,827	13,132	13,425	13,698	1.7%
Passenger - Nonsignatory	254	174	46	156	290	303	378	382	383	389	399	408	416	4.6%
Total	12,356	9,235	4,861	9,953	11,868	12,467	12,843	12,955	12,995	13,217	13,531	13,832	14,114	1.8%
Annual percentage change		-25.3%	-47.4%	104.8%	19.2%	5.1%	3.0%	0.9%	0.3%	1.7%	2.4%	2.2%	2.0%	
Enplanement Shares														
Alaska	13.8%	14.3%	16.6%	17.5%	16.4%	16.2%	18.2%	18.2%	18.2%	18.2%	18.2%	18.2%	18.2%	
American	11.9%	12.2%	15.8%	12.4%	10.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	
Delta	12.2%	12.7%	11.7%	12.4%	12.2%	12.8%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	
Southwest	37.7%	37.6%	33.5%	34.1%	35.3%	32.8%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	
United	12.9%	12.0%	12.3%	13.1%	12.3%	13.0%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	
Other signatory	9.5%	9.3%	9.2%	8.8%	10.6%	11.0%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	
Passenger - Signatory	97.9%	98.1%	99.1%	98.4%	97.6%	97.6%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	
Passenger - Nonsignatory	2.1%	1.9%	0.9%	1.6%	2.4%	2.4%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Note: Airline market shares are assumed to remain constant throughout the forecast period. The market shares for FY2025 are estimated based on airlines' OAG advanced schedules and boarding load factor assumptions through June 2025.

Table 15 | Forecast Seats and Aircraft Departures – Scenario 1 (Base)

Fiscal Year Ending in June	Actual						Forecast							CAGR
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Seats (1,000s)														
Alaska	2,139	1,811	1,451	2,151	2,303	2,455	2,838	2,847	2,853	2,902	2,967	3,033	3,087	3.3%
American	1,712	1,463	1,020	1,420	1,501	1,689	1,763	1,778	1,784	1,814	1,857	1,898	1,937	2.0%
Delta	1,727	1,489	1,056	1,445	1,687	1,842	1,923	1,940	1,944	1,977	2,022	2,067	2,103	1.9%
Southwest	6,060	5,428	2,686	4,319	5,851	5,435	5,277	5,294	5,305	5,396	5,518	5,641	5,740	0.8%
United	1,836	1,434	845	1,495	1,693	1,926	1,968	1,974	1,978	2,012	2,058	2,103	2,141	1.5%
Other signatory	1,382	1,100	691	1,113	1,491	1,684	1,722	1,730	1,734	1,763	1,804	1,844	1,878	1.6%
Passenger - Signatory	14,856	12,726	7,749	11,943	14,526	15,031	15,490	15,563	15,598	15,863	16,226	16,586	16,885	1.7%
Passenger - Nonsignatory	319	246	86	207	376	352	444	447	448	456	467	477	486	4.7%
Total	15,175	12,972	7,835	12,150	14,903	15,383	15,934	16,010	16,046	16,319	16,692	17,063	17,372	1.8%
Annual percentage change		-14.5%	-39.6%	55.1%	22.7%	3.2%	3.6%	0.5%	0.2%	1.7%	2.3%	2.2%	1.8%	
Aircraft Departures (Landings)														
Alaska	17,381	14,719	12,731	18,321	18,316	19,378	22,605	22,651	22,663	22,985	23,448	23,903	24,237	3.2%
American	10,912	8,756	5,689	7,594	7,879	8,906	9,293	9,363	9,377	9,511	9,713	9,902	10,067	1.8%
Delta	11,566	9,411	5,835	7,819	9,819	10,972	11,395	11,480	11,487	11,650	11,885	12,115	12,285	1.6%
Southwest	39,175	33,477	16,695	26,993	36,644	34,888	34,267	34,337	34,356	34,844	35,546	36,235	36,742	0.7%
United	12,272	9,239	5,879	9,371	10,407	11,280	11,506	11,529	11,536	11,700	11,935	12,167	12,337	1.3%
Other signatory	8,010	6,425	3,882	6,422	8,258	9,526	9,602	9,634	9,642	9,779	9,978	10,172	10,321	1.2%
Passenger - Signatory	99,316	82,027	50,711	76,520	91,323	94,950	98,668	98,994	99,061	100,470	102,504	104,494	105,989	1.6%
Passenger - Nonsignatory	1,502	1,062	497	1,029	1,562	1,592	2,176	2,188	2,191	2,222	2,269	2,313	2,349	5.7%
Subtotal - Passenger	100,818	83,089	51,208	77,549	92,885	96,542	100,844	101,182	101,252	102,692	104,773	106,807	108,338	1.7%
All-cargo - Signatory	2,783	2,755	3,017	2,913	2,516	2,064	2,381	2,412	2,396	2,404	2,400	2,402	2,401	2.2%
All-cargo - Nonsignatory	539	676	563	574	570	771	917	899	908	903	906	904	905	2.3%
Subtotal - All-Cargo	3,322	3,431	3,580	3,487	3,086	2,835	3,297	3,311	3,304	3,308	3,306	3,307	3,306	2.2%
Total	104,140	86,520	54,788	81,036	95,971	99,377	104,141	104,494	104,556	106,000	108,079	110,114	111,645	1.7%

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 16 | Forecast Enplanements per Departure, Seats per Departure, and Boarding Load Factors – Scenario 1 (Base)

Fiscal Year Ending in June	Actual						Forecast						
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Enplanements per Departure													
Alaska	98	90	63	95	106	104	104	104	105	105	105	106	106
American	135	129	135	163	163	165	163	163	163	164	164	165	165
Delta	130	124	97	158	148	145	143	143	144	144	145	145	146
Southwest	119	104	97	126	114	117	116	117	117	118	118	118	119
United	130	120	102	139	140	144	143	144	144	144	145	145	146
Other signatory	147	134	115	137	152	144	141	142	142	142	143	143	144
Passenger - Signatory	122	110	95	128	127	128	126	127	127	128	128	128	129
Passenger - Nonsignatory	169	164	92	152	186	190	174	174	175	175	176	176	177
Total	123	111	95	128	128	129	127	128	128	129	129	130	130
Seats per Departure													
Alaska	123	123	114	117	126	127	126	126	126	126	127	127	127
American	157	167	179	187	191	190	190	190	190	191	191	192	192
Delta	149	158	181	185	172	168	169	169	169	170	170	171	171
Southwest	155	162	161	160	160	156	154	154	154	155	155	156	156
United	150	155	144	160	163	171	171	171	171	172	172	173	174
Other signatory	173	171	178	173	181	177	179	180	180	180	181	181	182
Passenger - Signatory	150	155	153	156	159	158	157	157	157	158	158	159	159
Passenger - Nonsignatory	212	232	173	201	241	221	204	204	205	205	206	206	207
Total	151	156	153	157	160	159	158	158	158	159	159	160	160
Boarding Load Factors													
Alaska	79.6%	73.2%	55.6%	80.9%	84.3%	82.5%	82.5%	83.0%	83.1%	83.1%	83.2%	83.2%	83.4%
American	85.7%	77.1%	75.3%	87.2%	85.4%	87.0%	85.8%	85.8%	85.8%	85.8%	85.8%	85.8%	85.8%
Delta	87.1%	78.5%	53.8%	85.6%	86.1%	86.4%	84.8%	84.8%	84.9%	84.9%	85.0%	85.0%	85.2%
Southwest	76.8%	64.0%	60.6%	78.6%	71.6%	75.2%	75.5%	75.9%	76.0%	76.0%	76.1%	76.1%	76.3%
United	86.8%	77.1%	71.0%	87.5%	86.2%	84.1%	83.4%	83.8%	83.9%	83.9%	84.0%	84.0%	84.2%
Other signatory	85.3%	78.1%	64.4%	79.0%	84.0%	81.5%	78.6%	78.9%	79.0%	79.0%	79.0%	79.1%	79.2%
Passenger - Signatory	81.5%	71.2%	62.1%	82.0%	79.7%	80.9%	80.5%	80.8%	80.9%	80.9%	80.9%	80.9%	81.1%
Passenger - Nonsignatory	79.5%	70.7%	53.4%	75.3%	77.1%	86.1%	85.2%	85.4%	85.4%	85.4%	85.4%	85.4%	85.5%
Total	81.4%	71.2%	62.0%	81.9%	79.6%	81.0%	80.6%	80.9%	81.0%	81.0%	81.1%	81.1%	81.2%

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 17 | Forecast Landed Weight and Average Weight per Landing – Scenario 1 (Base)

Fiscal Year Ending in June	Actual						Forecast							CAGR
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Landed Weight (1,000,000 lbs.)														
Alaska	1,995	1,672	1,343	1,981	2,092	2,219	2,623	2,631	2,637	2,681	2,742	2,803	2,853	3.7%
American	1,566	1,299	918	1,239	1,318	1,498	1,557	1,570	1,575	1,602	1,640	1,677	1,711	1.9%
Delta	1,617	1,374	1,049	1,528	1,569	1,693	1,779	1,794	1,798	1,829	1,870	1,912	1,945	2.0%
Southwest	5,180	4,422	2,277	3,688	5,001	4,759	4,645	4,660	4,670	4,749	4,857	4,965	5,053	0.9%
United	1,702	1,285	771	1,321	1,514	1,755	1,800	1,806	1,809	1,840	1,882	1,924	1,958	1.6%
Other signatory	1,375	1,057	653	1,108	1,358	1,526	1,567	1,575	1,578	1,605	1,642	1,679	1,710	1.6%
Passenger - Signatory	13,435	11,110	7,010	10,866	12,851	13,450	13,970	14,036	14,068	14,307	14,634	14,959	15,229	1.8%
Passenger - Nonsignatory	447	307	70	231	416	433	550	554	556	565	578	591	603	4.9%
Subtotal - Passenger	13,882	11,417	7,080	11,097	13,268	13,882	14,520	14,590	14,623	14,872	15,213	15,551	15,832	1.9%
All-cargo - Signatory	593	587	613	621	550	467	441	454	448	451	449	450	450	-0.5%
All-cargo - Nonsignatory	7	49	87	45	41	52	118	101	110	106	108	107	107	10.8%
Subtotal - All-Cargo	600	636	700	667	591	519	560	556	557	556	557	557	557	1.0%
Total	14,481	12,053	7,780	11,764	13,859	14,401	15,080	15,146	15,181	15,429	15,769	16,107	16,389	1.9%
Avg. Landed Weight (1,000 lbs.)														
Alaska	115	114	105	108	114	115	116	116	116	117	117	117	118	
American	144	148	161	163	167	168	168	168	168	168	169	169	170	
Delta	140	146	180	195	160	154	156	156	157	157	157	158	158	
Southwest	132	132	136	137	136	136	136	136	136	136	137	137	138	
United	139	139	131	141	145	156	156	157	157	157	158	158	159	
Other signatory	172	165	168	173	164	160	163	163	164	164	165	165	166	
Passenger - Signatory	135	135	138	142	141	142	142	142	142	142	143	143	144	
Passenger - Nonsignatory	298	289	140	225	267	272	253	253	254	254	255	256	257	
Subtotal - Passenger	138	137	138	143	143	144	144	144	144	145	145	146	146	
All-cargo - Signatory	213	213	203	213	219	226	185	188	187	188	187	187	187	
All-cargo - Nonsignatory	12	73	154	79	72	68	129	113	121	117	119	118	118	
Subtotal - All-Cargo	180	185	195	191	192	183	170	168	169	168	168	168	168	
Total	139	139	142	145	144	145	145	145	145	146	146	146	147	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 18 | Forecast Enplanements – Scenario 2 (Low)

Fiscal Year Ending in June	Actual						Forecast							CAGR
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Enplanements (1,000s)														
Alaska	1,702	1,325	807	1,741	1,941	2,025	2,295	2,209	2,222	2,312	2,380	2,430	2,469	2.9%
American	1,468	1,128	768	1,238	1,282	1,470	1,483	1,427	1,435	1,494	1,538	1,570	1,595	1.2%
Delta	1,505	1,168	568	1,238	1,452	1,591	1,600	1,540	1,549	1,612	1,659	1,694	1,721	1.1%
Southwest	4,656	3,475	1,628	3,394	4,190	4,087	3,896	3,750	3,772	3,925	4,041	4,126	4,192	0.4%
United	1,593	1,106	600	1,307	1,459	1,621	1,608	1,548	1,557	1,620	1,668	1,703	1,730	0.9%
Other signatory	1,179	859	445	880	1,253	1,372	1,330	1,280	1,287	1,340	1,379	1,408	1,431	0.6%
Passenger - Signatory	12,103	9,061	4,815	9,797	11,577	12,164	12,211	11,754	11,823	12,302	12,664	12,932	13,139	1.1%
Passenger - Nonsignatory	254	174	46	156	290	303	371	357	359	374	385	393	399	4.0%
Total	12,356	9,235	4,861	9,953	11,868	12,467	12,582	12,111	12,183	12,675	13,049	13,325	13,538	1.2%
Annual percentage change		-25.3%	-47.4%	104.8%	19.2%	5.1%	0.9%	-3.7%	0.6%	4.0%	2.9%	2.1%	1.6%	
Enplanement Shares														
Alaska	13.8%	14.3%	16.6%	17.5%	16.4%	16.2%	18.2%	18.2%	18.2%	18.2%	18.2%	18.2%	18.2%	
American	11.9%	12.2%	15.8%	12.4%	10.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	
Delta	12.2%	12.7%	11.7%	12.4%	12.2%	12.8%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	
Southwest	37.7%	37.6%	33.5%	34.1%	35.3%	32.8%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	
United	12.9%	12.0%	12.3%	13.1%	12.3%	13.0%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	
Other signatory	9.5%	9.3%	9.2%	8.8%	10.6%	11.0%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	
Passenger - Signatory	97.9%	98.1%	99.1%	98.4%	97.6%	97.6%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	
Passenger - Nonsignatory	2.1%	1.9%	0.9%	1.6%	2.4%	2.4%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Note: Airline market shares are assumed to remain constant throughout the forecast period. The market shares for FY2025 are estimated based on airlines' OAG advanced schedules and boarding load factor assumptions through June 2025.

Table 19 | Forecast Seats and Aircraft Departures – Scenario 2 (Low)

Fiscal Year Ending in June	Actual						Forecast							CAGR
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Seats (1,000s)														
Alaska	2,139	1,811	1,451	2,151	2,303	2,455	2,838	2,717	2,702	2,797	2,869	2,926	2,963	2.7%
American	1,712	1,463	1,020	1,420	1,501	1,689	1,763	1,687	1,683	1,746	1,794	1,831	1,860	1.4%
Delta	1,727	1,489	1,056	1,445	1,687	1,842	1,923	1,841	1,837	1,904	1,955	1,995	2,020	1.3%
Southwest	6,060	5,428	2,686	4,319	5,851	5,435	5,277	5,052	5,020	5,194	5,326	5,431	5,500	0.2%
United	1,836	1,434	845	1,495	1,693	1,926	1,968	1,884	1,874	1,940	1,990	2,030	2,056	0.9%
Other signatory	1,382	1,100	691	1,113	1,491	1,684	1,722	1,650	1,644	1,703	1,748	1,783	1,807	1.0%
Passenger - Signatory	14,856	12,726	7,749	11,943	14,526	15,031	15,490	14,832	14,761	15,285	15,684	15,996	16,205	1.1%
Passenger - Nonsignatory	319	246	86	207	376	352	444	426	424	439	451	460	467	4.1%
Total	15,175	12,972	7,835	12,150	14,903	15,383	15,934	15,258	15,185	15,724	16,135	16,456	16,672	1.2%
Annual percentage change		-14.5%	-39.6%	55.1%	22.7%	3.2%	3.6%	-4.2%	-0.5%	3.5%	2.6%	2.0%	1.3%	
Aircraft Departures (Landings)														
Alaska	17,381	14,719	12,731	18,321	18,316	19,378	22,605	21,614	21,465	22,157	22,671	23,056	23,264	2.6%
American	10,912	8,756	5,689	7,594	7,879	8,906	9,293	8,886	8,850	9,154	9,385	9,550	9,664	1.2%
Delta	11,566	9,411	5,835	7,819	9,819	10,972	11,395	10,896	10,856	11,223	11,493	11,693	11,800	1.0%
Southwest	39,175	33,477	16,695	26,993	36,644	34,888	34,267	32,766	32,508	33,540	34,311	34,889	35,201	0.1%
United	12,272	9,239	5,879	9,371	10,407	11,280	11,506	11,002	10,929	11,282	11,545	11,741	11,847	0.7%
Other signatory	8,010	6,425	3,882	6,422	8,258	9,526	9,602	9,193	9,146	9,448	9,673	9,839	9,936	0.6%
Passenger - Signatory	99,316	82,027	50,711	76,520	91,323	94,950	98,668	94,357	93,753	96,804	99,079	100,768	101,713	1.0%
Passenger - Nonsignatory	1,502	1,062	497	1,029	1,562	1,592	2,176	2,085	2,074	2,142	2,193	2,231	2,255	5.1%
Subtotal - Passenger	100,818	83,089	51,208	77,549	92,885	96,542	100,844	96,442	95,827	98,946	101,273	102,999	103,968	1.1%
All-cargo - Signatory	2,783	2,755	3,017	2,913	2,516	2,064	2,311	2,368	2,340	2,354	2,347	2,350	2,349	1.9%
All-cargo - Nonsignatory	539	676	563	574	570	771	893	886	889	888	889	888	888	2.0%
Subtotal - All-Cargo	3,322	3,431	3,580	3,487	3,086	2,835	3,205	3,254	3,229	3,242	3,235	3,238	3,237	1.9%
Total	104,140	86,520	54,788	81,036	95,971	99,377	104,049	99,696	99,056	102,187	104,508	106,238	107,205	1.1%

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 20 | Forecast Enplanements per Departure, Seats per Departure, and Boarding Load Factors – Scenario 2 (Low)

Fiscal Year Ending in June	Actual						Forecast						
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Enplanements per Departure													
Alaska	98	90	63	95	106	104	102	102	104	104	105	105	106
American	135	129	135	163	163	165	160	161	162	163	164	164	165
Delta	130	124	97	158	148	145	140	141	143	144	144	145	146
Southwest	119	104	97	126	114	117	114	114	116	117	118	118	119
United	130	120	102	139	140	144	140	141	142	144	144	145	146
Other signatory	147	134	115	137	152	144	138	139	141	142	143	143	144
Passenger - Signatory	122	110	95	128	127	128	124	125	126	127	128	128	129
Passenger - Nonsignatory	169	164	92	152	186	190	170	171	173	174	175	176	177
Total	123	111	95	128	128	129	125	126	127	128	129	129	130
Seats per Departure													
Alaska	123	123	114	117	126	127	126	126	126	126	127	127	127
American	157	167	179	187	191	190	190	190	190	191	191	192	192
Delta	149	158	181	185	172	168	169	169	169	170	170	171	171
Southwest	155	162	161	160	160	156	154	154	154	155	155	156	156
United	150	155	144	160	163	171	171	171	171	172	172	173	174
Other signatory	173	171	178	173	181	177	179	180	180	180	181	181	182
Passenger - Signatory	150	155	153	156	159	158	157	157	157	158	158	159	159
Passenger - Nonsignatory	212	232	173	201	241	221	204	204	205	205	206	206	207
Total	151	156	153	157	160	159	158	158	158	159	159	160	160
Boarding Load Factors													
Alaska	79.6%	73.2%	55.6%	80.9%	84.3%	82.5%	80.9%	81.3%	82.2%	82.7%	83.0%	83.1%	83.3%
American	85.7%	77.1%	75.3%	87.2%	85.4%	87.0%	84.1%	84.6%	85.3%	85.5%	85.7%	85.7%	85.8%
Delta	87.1%	78.5%	53.8%	85.6%	86.1%	86.4%	83.2%	83.7%	84.3%	84.6%	84.9%	84.9%	85.2%
Southwest	76.8%	64.0%	60.6%	78.6%	71.6%	75.2%	73.8%	74.2%	75.1%	75.6%	75.9%	76.0%	76.2%
United	86.8%	77.1%	71.0%	87.5%	86.2%	84.1%	81.7%	82.2%	83.1%	83.5%	83.8%	83.9%	84.2%
Other signatory	85.3%	78.1%	64.4%	79.0%	84.0%	81.5%	77.2%	77.6%	78.3%	78.6%	78.9%	79.0%	79.2%
Passenger - Signatory	81.5%	71.2%	62.1%	82.0%	79.7%	80.9%	78.8%	79.3%	80.1%	80.5%	80.7%	80.8%	81.1%
Passenger - Nonsignatory	79.5%	70.7%	53.4%	75.3%	77.1%	86.1%	83.5%	83.8%	84.6%	85.0%	85.3%	85.4%	85.5%
Total	81.4%	71.2%	62.0%	81.9%	79.6%	81.0%	79.0%	79.4%	80.2%	80.6%	80.9%	81.0%	81.2%

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 21 | Forecast Landed Weight and Average Weight per Landing – Scenario 2 (Low)

Fiscal Year Ending in June	Actual						Forecast							CAGR
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Landed Weight (1,000,000 lbs.)														
Alaska	1,995	1,672	1,343	1,981	2,092	2,219	2,623	2,511	2,497	2,585	2,652	2,704	2,738	3.0%
American	1,566	1,299	918	1,239	1,318	1,498	1,557	1,490	1,487	1,542	1,585	1,617	1,642	1.3%
Delta	1,617	1,374	1,049	1,528	1,569	1,693	1,779	1,703	1,699	1,762	1,808	1,845	1,869	1.4%
Southwest	5,180	4,422	2,277	3,688	5,001	4,759	4,645	4,447	4,419	4,572	4,688	4,781	4,841	0.2%
United	1,702	1,285	771	1,321	1,514	1,755	1,800	1,723	1,714	1,775	1,821	1,857	1,880	1.0%
Other signatory	1,375	1,057	653	1,108	1,358	1,526	1,567	1,503	1,497	1,551	1,592	1,623	1,645	1.1%
Passenger - Signatory	13,435	11,110	7,010	10,866	12,851	13,450	13,970	13,377	13,313	13,785	14,145	14,427	14,616	1.2%
Passenger - Nonsignatory	447	307	70	231	416	433	550	528	526	545	559	571	579	4.2%
Subtotal - Passenger	13,882	11,417	7,080	11,097	13,268	13,882	14,520	13,904	13,839	14,330	14,705	14,997	15,195	1.3%
All-cargo - Signatory	593	587	613	621	550	467	431	449	439	444	442	443	442	-0.8%
All-cargo - Nonsignatory	7	49	87	45	41	52	115	99	107	103	105	104	105	10.4%
Subtotal - All-Cargo	600	636	700	667	591	519	546	548	546	547	547	547	547	0.7%
Total	14,481	12,053	7,780	11,764	13,859	14,401	15,066	14,452	14,385	14,877	15,252	15,544	15,741	1.3%
Avg. Landed Weight (1,000 lbs.)														
Alaska	115	114	105	108	114	115	116	116	116	117	117	117	118	
American	144	148	161	163	167	168	168	168	168	168	169	169	170	
Delta	140	146	180	195	160	154	156	156	157	157	157	158	158	
Southwest	132	132	136	137	136	136	136	136	136	136	137	137	138	
United	139	139	131	141	145	156	156	157	157	157	158	158	159	
Other signatory	172	165	168	173	164	160	163	163	164	164	165	165	166	
Passenger - Signatory	135	135	138	142	141	142	142	142	142	142	143	143	144	
Passenger - Nonsignatory	298	289	140	225	267	272	253	253	254	254	255	256	257	
Subtotal - Passenger	138	137	138	143	143	144	144	144	144	145	145	146	146	
All-cargo - Signatory	213	213	203	213	219	226	186	189	188	189	188	188	188	
All-cargo - Nonsignatory	12	73	154	79	72	68	129	112	120	116	118	117	118	
Subtotal - All-Cargo	180	185	195	191	192	183	170	168	169	169	169	169	169	
Total	139	139	142	145	144	145	145	145	145	146	146	146	147	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

3.11 | Sources of Forecast Risk and Uncertainty

Forecasts rely on available data, measurable air traffic drivers, and assumptions about future trends. Actual results may deviate materially from the forecasts if these assumptions do not hold or unexpected events cause significant disruptions. The Airport operates in a dynamic environment with various interconnected factors, many of which are volatile and uncertain, introducing downside and upside risks to forecast activity.

3.11.1 | COVID-19 and Potential Disease Outbreaks

Passenger air travel demand is sensitive to disease outbreaks, which impact customer confidence, public health, international travel policies, and airport/airline staff wellbeing. The COVID-19 pandemic exemplifies this risk, initially causing a dramatic downturn before travel gradually recovered with widespread vaccination and the lifting of travel restrictions. Continued vigilance and health safety practices are essential to minimize future impacts.

Global health authorities have turned their attention to Mpox (formerly known as monkeypox), another infectious disease that poses a significant threat to public health. Several countries, including the United States, have begun Mpox screening protocols at major international airports to prevent the spread of the virus across borders.³⁸

3.11.2 | Economic Conditions

The aviation industry is pro-cyclical, with traffic rising during economic expansions and falling during recessions. Economic downturns can be triggered by various factors—for example, the COVID-19 pandemic and its extreme mitigation measures at the time. The U.S. economy ended 2024 with strong fundamentals: moderate GDP growth, sustained consumer spending, strong labor market, low unemployment, and low inflation. However, 2025 brings heightened uncertainty and downside risks from federal policy changes particularly those involving trade, immigration, and federal spending, a cooling labor market, weakening consumer confidence, and spillover global economic impacts, amid continuing conflicts in Europe and the Middle East.

3.11.3 | Impact of U.S. Tariff Policies

U.S. tariff policies have created substantial uncertainty in the U.S. aviation industry, making it difficult for airlines to forecast and plan for the future. American Airlines, Southwest Airlines, and Alaska Airlines have pulled back their full-year outlooks as a result, and United Airlines has issued two separate forecasts, one for a stable economy and another for a recessionary one, which directly highlights the forecasting challenges posed by the unclear nature of the tariffs.³⁹

³⁸ “Mpox Screening Introduced at Airports Worldwide Amid Rising Concerns Over Global Health Security,” *Travel and Tour World*, August 23, 2024, <https://www.travelandtourworld.com/news/article/mpox-screening-introduced-at-airports-worldwide-amid-rising-concerns-over-global-health-security/>.

³⁹ Lynn Cook, Alison Slider, Caitlin McCabe, “Corporate Giants Shred Outlooks Over Tariff Uncertainty,” *Wall Street Journal*, April 24, 2025, <https://www.wsj.com/business/company-earnings-tariffs-outlooks-2025-2ff68cd7>.

This uncertainty surrounding the tariffs also affects consumers' willingness to travel. American Airlines, Southwest Airlines, and Alaska Airlines have reported a softening in leisure travel, noting that people are hesitant to plan international or domestic vacations. This in turn feeds into the difficulty airlines face in attempting to plan for the future, as consumer demand has become unpredictable under these conditions. As a result, airlines have taken a cautious approach, which means less hiring, slower or potentially halted fleet expansion, and ultimately a reduction in overall economic activity.

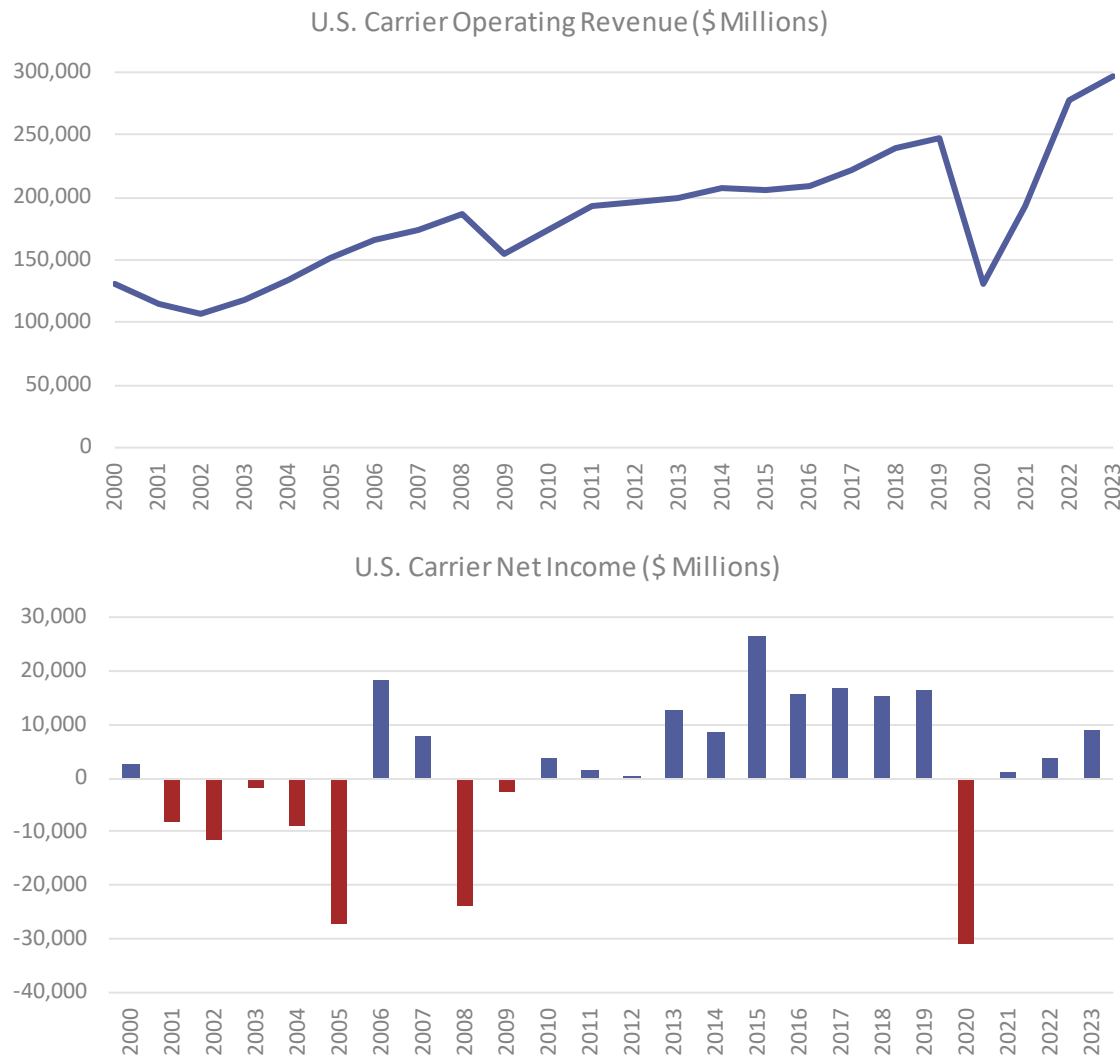
3.11.4 | U.S. Airline Industry Volatility

The U.S. airline industry is inherently volatile, with financial results susceptible to many external factors. Economic downturns, fluctuating oil prices, adverse weather, disease outbreaks, travel restrictions, terrorism threats, geo-political tensions, and aircraft groundings all directly impact airline revenues and net profits. This volatility is illustrated by the historical data on U.S. scheduled passenger airlines' operating revenue and net income (Figure 52).

The COVID-19 pandemic serves as a stark example of this vulnerability. While the seven years preceding the COVID-19 pandemic saw steady profits, thanks to restructuring, capacity restraint, cost-cutting, and productivity improvements implemented after the Great Recession, the industry experienced a dramatic downturn in 2020 as passenger travel ground to a halt. Despite government aid packages,⁴⁰ US passenger airlines incurred a staggering net loss of over \$30 billion in 2020—the largest annual loss since 1977.

⁴⁰ To alleviate the negative financial impact of the COVID-19 pandemic on U.S. airlines' finances, the U.S. federal government provided financial relief to U.S. airlines in three federal aid packages: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA); and the American Rescue Plan Act of 2021 (ARPA).

Figure 51 | U.S. Scheduled Passenger Airlines' Annual Operating Revenue and Net Profit, 2000-2023



Source: U.S. Bureau of Transportation Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Financial results improved in 2022, with the industry posting \$1.6 billion in net income. Despite a challenging start to 2023 with a net loss of over \$1.2 billion in the first quarter, U.S. passenger airlines managed to secure a net profit of approximately \$5.5 billion in the second quarter.

3.11.5 | Oil Price Volatility and Aviation Fuel Costs

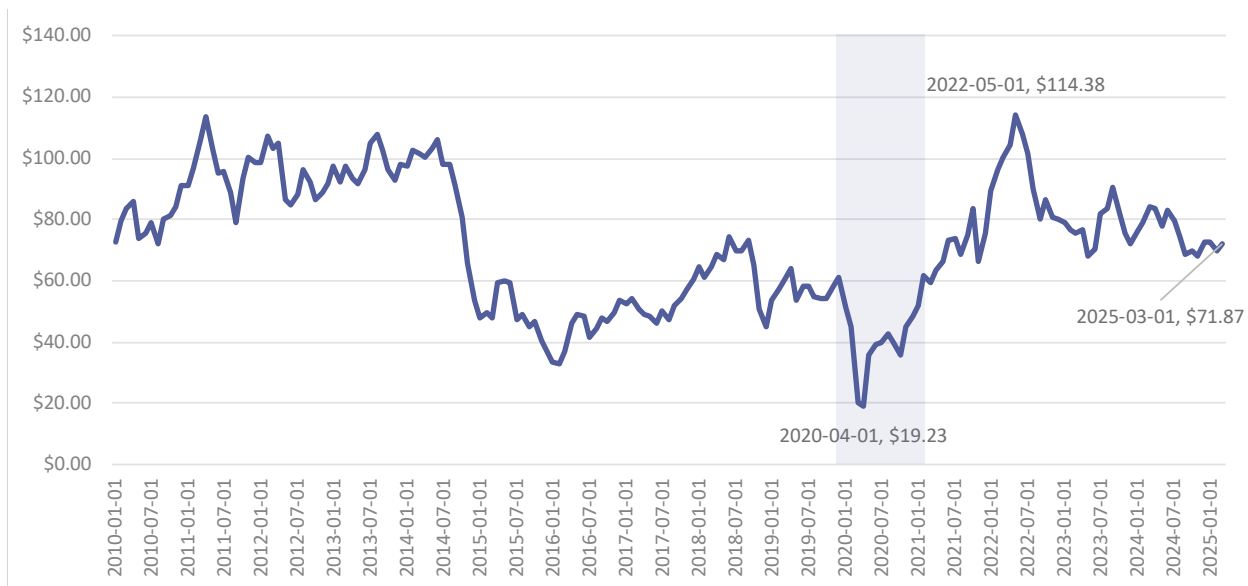
Oil price fluctuations directly affect aviation fuel costs, a significant component of airline operating expenses.⁴¹ Rising oil prices, as seen in the 2000s, can strain airline finances and contribute to industry losses. Conversely, lower oil prices can boost airline profits, as experienced in the mid-

⁴¹ The correlation coefficient between the monthly average prices of West Texas Intermediate (crude oil) and aviation fuel is approximately 0.994.

2010s. In 2020, the global economic recession and an oil supply glut led to a temporary drop in oil and fuel prices, which provided airlines some cost relief during the pandemic.

Figure 53 shows the history of oil prices from 2010 to March 2025, while Figure 54 shows the history of the cost of aviation fuel for the same period. In 2021, increased demand from the global economic recovery and supply disruptions from the Russia-Ukraine conflict began to raise oil prices. Between January 2021 and June 2022, the price of West Texas Intermediate (WTI) crude oil rose from \$52 to \$114 per barrel (121 percent), and the cost of aviation fuel increased from \$1.51 to \$4.04 per gallon (168 percent). Prices had dropped from those highs as of fall 2023 (WTI to \$77.69 in November 2023 and aviation fuel to \$3.12 in October 2023) and further in 2025 (WTI to \$71.87 and aviation fuel to \$2.43 in March).

Figure 52 | West Texas Intermediate Monthly Crude Oil Cost per Barrel, January 2010 - March 2025



Sources: U.S. Energy Administration.

Gray areas indicate economic recession periods.

Figure 53 | Monthly Aviation Fuel Cost per Gallon, January 2010 - March 2025



Sources: U.S. Bureau of Transportation Statistics.
Gray areas indicate economic recession periods.

3.11.6 | Airline Market Concentration, Competition, and Airfares

As of FY2024, the largest airline at SAN, Southwest, accounts for 32.8 percent of the Airport's enplanements, which is actually the smallest share Southwest has had in SAN's recent history, having gradually decreased since the airline's peak share size of 38.5 percent in FY2015. This is a positive observation, as high market concentration can lead to market power abuse and excessive fare increases. Higher airfares reduce passenger demand, especially for discretionary travel or shorter trips with ground transportation alternatives. While Southwest is still the leading airline at SAN, its shrinking share indicates strengthening competition within SAN's market.

Airfares have an important effect on passenger demand, particularly for relatively short trips where the automobile or other travel modes are alternatives and for price-sensitive "discretionary" travel, such as vacation travel. Airfares are influenced by airline operating costs and debt burden, passenger demand, capacity and yield management, market presence, and competition.

The Base scenario aviation activity forecasts for the Airport assume that, over the long term, airfare increases will not exceed inflation. Otherwise, the airfare increases would dampen forecast traffic growth.

3.11.7 | Airline Mergers

The airline industry has been consolidating in response to competition, cost, and regulatory pressure. Airline mergers can affect service and traffic at airports by consolidating facilities, optimizing route networks, and changing connecting traffic flows. The impact typically occurs within a few years and depends on the merging airlines' market share and connecting traffic volume at the affected airport.

Recent merger activity involves JetBlue's attempted takeover of Spirit and Alaska's acquisition of Hawaiian Airlines. Blocked by the U.S. Department of Justice (DOJ) in January 2024, JetBlue officially announced the termination of the merger agreement on March 4, 2024. According to DOJ, JetBlue's acquisition of Spirit would have eliminated an ultra-low-cost competitor, resulting in fewer choices and higher fares for travelers. Inversely, the DOJ approved Alaska and Hawaiian's merger in August 2024, and in the following month, the Department of Transportation also cleared the deal, allowing the completion of the merger on September 18, 2024.⁴²

The timing of the merger means that its impact on SAN's market distribution will likely show itself starting in FY2025. As of FY2024, Alaska held the second largest share with 16.2 percent of SAN's enplanements, while Hawaiian made up a smaller 1.1 percent of enplanements. Combining Hawaiian's share into Alaska's will help Alaska pull further ahead of its closest competitors at SAN, but will most likely not be enough of an increase to encroach on Southwest's 32.8 percent market share.

3.11.8 | Structural Changes in Demand and Supply

Major crises can trigger lasting structural shifts in aviation demand and supply. For example, the 2001 terrorist attacks led to stricter airport security measures requiring passengers to arrive much earlier for departing flights, reducing travel time advantages for short-haul flights. The COVID-19 pandemic may have similar long-term consequences. Demand-side changes include altered travel preferences due to safety concerns or a shift towards virtual meetings. Supply-side changes might involve airlines maintaining streamlined operations due to labor and fleet constraints. One favorable trend is the adoption of no-touch technologies, which speed up passenger processing and stimulate traffic growth.

3.11.9 | Labor Supply Constraints

The COVID-19 pandemic led to airline employee layoffs and early retirements, creating workforce shortages that limit airline capacity and potentially hinder air traffic growth. Aircraft manufacturers like Airbus and Boeing also face a similar workforce shortage. Amid a tight labor market, competition between companies to attract and retain skilled personnel has intensified and threatens industry growth.

Airlines faced a declining pilot population, which was intensified by the early retirement of approximately 5,000 experienced pilots during the pandemic. While this scarcity still impacts smaller regional airlines, the pilot shortage has since been resolved for mainline carriers, with pilot hires surging through the past couple of years to replace pilots that have retired or been furloughed during the height of the COVID-19 pandemic. A more recent slowdown in pilot hiring is now due to supply chain issues on the aircraft side, particularly on Boeing experiencing delivery delays

⁴² Alison Slider, "Transportation Department Blesses Alaska Air-Hawaiian Merger, With Strings," *Wall Street Journal*, September 17, 2024, <https://www.wsj.com/business/airlines/transportation-department-blesses-alaska-air-hawaiian-merger-with-strings-d1edc2d5>.

following recent safety events and quality problems.⁴³ However, the supply of pilots versus demand remains a consideration for future years. Boeing's forecast on the demand for aviation personnel from 2024-2043 projects a total need for 123,000 pilots in the United States.⁴⁴ The FAA-mandated pilot retirement age is 65 years old, and when combined with the fact that the U.S. Government Accountability Office found that 27 percent of actively certified pilots are between the ages of 55 and 64,⁴⁵ that means thousands of pilots are set to retire in the coming years, and will require new pilots to replace them.

Aircraft engineers are also in short supply. The COVID-19 pandemic also caused many engineers to retire or find work in other sectors. About a third of aircraft engineers are approaching retirement, and there are not enough new workers to replace them, an issue exacerbated by a 2 to 3-year pause in the training of new aircraft engineers during the pandemic.⁴⁶

A significant shortage of air traffic controllers is another nationwide problem. As of September 2023, nearly half of the 290 FAA air traffic control facilities were understaffed. The FAA has attributed recent understaffing to the COVID-19 pandemic pausing or reducing training, a long training process (two-to-three years), and yearly attrition.⁴⁷ Currently, the FAA has roughly 10,700 fully certified controllers, which is about 3,000 short of its target. Adding onto that issue, about 500 controllers are eligible for retirement as of May 2025, with the mandatory retirement age for controllers being 56.⁴⁸

3.11.10 | Geopolitical Conflicts and the Threat of Terrorism

Geopolitical conflicts and acts of terrorism disrupt air transportation. The terrorist attacks of September 11, 2001, serve as a constant reminder of the severe threat to the aviation industry. Travel advisories and heightened security measures can deter passengers due to longer screening times and increased anxiety.

More recently, the Russian invasion of Ukraine (since February 24, 2022) and the Israel-Hamas war (since October 7, 2023) led to airspace closures, increased costs, and longer flight times. Responding to Russia's invasion of Ukraine, the United States, Canada, and the European Union

⁴³ Antonio Ferraz, "Pilot Hiring is cooling down in the U.S.: Is the pilot shortage over?" *Wader Aviation*, August 3, 2024, <https://www.waderaviation.com/post/current-us-pilot-job-market-2024>.

⁴⁴ *Boeing*, <https://www.boeing.com/commercial/market/pilot-technician-outlook>

⁴⁵ U.S. Government Accountability Office, "Aviation Workforce: Current and Future Availability of Airline Pilots and Aircraft Mechanics," May 17, 2023, <https://www.gao.gov/products/gao-23-105571>

⁴⁶ Sam Sprules, "Opinion: Industry Collaboration Needed To Solve MRO's Workforce Crisis," *Aviation Week Network*, September 13, 2023, <https://aviationweek.com/mro/workforce-training/opinion-industry-collaboration-needed-solve-mros-workforce-crisis>.

⁴⁷ USAFacts Team, "Is there a shortage of air traffic controllers?" *USAFacts*, March 31, 2025, <https://usafacts.org/articles/is-there-a-shortage-of-air-traffic-controllers/>.

⁴⁸ Andrew Tangel, "'I Don't Know Where You Are': The Race to Fix Air-Traffic Control," *Wall Street Journal*, May 5, 2025, <https://www.wsj.com/business/airlines/air-traffic-control-fix-problems-2bffc11c>.

have closed their airspace to Russian aircraft. In retaliation, Russia has limited its airspace to many foreign-flag carriers. As a result, airlines have had to change flight routes, significantly increasing flight times for global travel. The Israel-Hamas war caused the immediate cancellation and suspension of flights to Tel Aviv by three U.S. major airlines (American, Delta, and United).⁴⁹ Additionally, overall air travel demand dropped for destinations near the warzone, such as Egypt, Morocco, Tunisia, and Saudi Arabia.

⁴⁹ Shannon Thaler, "Airline stocks slump as carriers in US and abroad cancel flights to Tel Aviv," *New York Post*, October 9, 2023, <https://nypost.com/2023/10/09/major-airlines-suspend-flights-as-war-escalates-in-israel/>.

SECTION 4 | AIRLINE OPERATING AND LEASE AGREEMENT

The Airport Authority has entered into separate but substantially similar Airline Operating and Lease Agreements, as amended (the AOLA) with 14 passenger airlines operating at SAN (the Signatory Passenger Airlines) and three all-cargo carriers (the Signatory Cargo Carriers, and together with the Signatory Passenger Airlines, the “Signatory Airlines”). The Signatory Passenger Airlines are currently Air Canada, Alaska, American, British Airways, Delta, Frontier, Hawaiian, Japan Airlines, JetBlue, Southwest, Spirit, Sun Country, United and WestJet. During Fiscal Year 2023, the Signatory Airlines enplaned approximately 99.0% of the passengers at the Airport. The Signatory Cargo Carriers are currently Atlas, FedEx and UPS.

In an effort to better match capacity with demand in some markets, certain Signatory Airlines have entered into agreements with affiliated passenger airlines (the Affiliate Airlines) to operate smaller aircraft on behalf of those Signatory Airlines. The Affiliate Airlines have each executed an agreement with the Airport Authority and the applicable Signatory Airline (the Affiliate Airline Operating Agreement). The Affiliate Airline Operating Agreements allow the Affiliate Airlines to operate at SAN on behalf of the applicable Signatory Airlines without the Affiliate Airlines having to execute an AOLA. The same rates, fees, and charges applicable to the Signatory Airlines’ operations at SAN generally apply to the Affiliate Airlines’ operations at SAN. In the event an Affiliate Airline fails to pay fees to the Airport Authority, the applicable Signatory Airline is responsible for the fees and charges billed to its Affiliate Airline.

The following five passenger airlines currently operate at SAN pursuant to the Non-Signatory Airline Operating Agreement (the Non-Signatory Airlines): Allegiant, Breeze, KLM Royal Dutch, Lufthansa, and Porter. In addition, 21 Air, ABX, Ameriflight and IFL Group are all-cargo airlines that operate pursuant to the Non-Signatory Airline Operating Agreement.

4.1 | Term

The term of the AOLA began on July 1, 2019 and will terminate at the close of business on June 30, 2029.

4.2 | Use of Premises

The AOLA grants Signatory Airlines the right to use the Airport, in common with others so authorized, for the purpose of conducting their business for the commercial transportation by air of persons, property, mail, parcels and/or cargo. The Airport Authority leases to the Signatory Airlines the following types of premises (Premises) of the Airport, as defined in the AOLA: Exclusive Use Premises; Shared Use Premises; Joint Use Premises; Common Use Premises; Unenclosed Operations Premises; and Aircraft Parking Premises. The AOLA contains provisions that provide the Airport Authority flexibility to relocate Signatory Airlines, as necessary, to accommodate the implementation of improvements at the Airport, including implementation of the New T1, for accommodation of the traveling public, or in order to maximize the use of the terminals at SAN.

4.3 | Key Provisions to Enhance Funding of Capital Improvements

The AOLA contains provisions intended to enhance the Airport Authority's ability to meet its financial obligations and fund future capital improvements⁵⁰. These key provisions are described in the paragraphs below.

4.3.1 | Major Maintenance Fund

A Major Maintenance Fund (MMF) was established to fund capital projects in the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers and Capital Projects in Indirect Cost Centers to the extent allocable to such cost centers. The AOLA stipulates that each Fiscal Year, the Airport Authority will deposit \$40.0 million into the MMF, from the following revenue sources: \$15.0 million from the Airfield Area, \$15.0 million from the Terminal Area, and \$10.0 million from non-airline revenue. However, to mitigate the effect of this provision on airline rates and charges during the COVID-19 pandemic, the Airport Authority reduced the FY2020 deposit to the MMF to \$30.0 million in FY2020, with \$10 million charged to the Airfield, \$10.0 million charged to the Terminal, and \$10.0 million from non-airline revenue sources. In FY2021 and FY2022, the MMF deposit was \$10.0 million each year, all from non-airline sources, with no charges to either the Airfield Area or the Terminal Area. Beginning in FY2023, the Airport Authority deposited \$50.0 million per year into the MMF to make up for the deposits that were deferred, with \$20.0 million charged to each of the Airfield and Terminal cost centers and \$10.0 million from non-airline revenue sources. The increased deposits will continue through FY2029. The airlines are required to pay these amounts as part of their landing fee and terminal rent obligations under the AOLA.

4.3.2 | Coverage Charges

Coverage Charges are included in the calculation of airline rates and charges, if needed, to ensure that 1.4 times debt service cash flow coverage is maintained. Coverage Charges are calculated in each Fiscal year as follows: 140 percent times Debt Service; plus O&M Expenses (as defined below); minus Revenues, PFCs used to pay Debt Service, and Federal funds applied to Debt Service. If the calculation results in a positive number, the Coverage Charges are allocated to the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support cost centers in proportion to the Debt Service in each of those cost centers. If the calculation of coverage charges results in a negative amount, no coverage charges shall be imposed.

Any Coverage Charges available for use after the year-end reconciliation shall be used by the Airport Authority to either (1) reduce the amount of outstanding bonds, or (2) make a supplemental deposit to the Major Maintenance Fund.

4.3.3 | Days Cash on Hand

Any available cash over 600 Days Cash on Hand (DCOH) may be used by the Airport Authority to either (1) reduce the amount of bonds outstanding in a subsequent Fiscal Year or (2) fund future capital projects.

⁵⁰ All capitalized terms used in this section refer to defined terms in the AOLA.

4.3.4 | Passenger Facility Charges

The Airport Authority may allocate PFCs each year in order to manage the level of Cost per Enplanement (CPE). The Airport Authority allocated \$30.0 million of PFCs to debt service in FY2022. The Airport Authority did not allocate any PFCs to debt service during FY2023 or FY2024 and is not planning to allocate any PFCs in FY2025, in order to hold PFC collections to be used in later years, after the capitalized interest period ends on the Subordinate Series 2021AB Bonds, Series 2023AB Bonds and the Series 2025 AB Bonds. It is assumed the Airport Authority will receive approval for future PFC applications and continue to collect PFCs each year during the forecast period. Currently, the Airport Authority plans to allocate approximately \$368.3 million to debt service from FY2026 through FY2031.

4.4 | Rentals, Fees, and Charges

The Signatory Airlines pay the Airport Authority certain rentals, fees, and charges in consideration for their use of Airport facilities. The landing fee is calculated according to a cost center residual methodology, and the terminal rental rate is calculated according to a cost center compensatory methodology. The methodologies for calculating the airline rates and charges, as specified in the AOLA, are described in the following paragraphs.

In order to allocate the costs of operating, maintaining, and developing the Airport for the purposes of setting airline rates and charges, the Airport Authority has established various cost centers.

The Airport Authority establishes the following types of airline fees and charges:

- Landing Fees
- Aircraft Parking Position Rentals and Fees
- Terminal Rental Rates
 1. Rent for Exclusive and Shared Use Premises
 2. Joint Use Charges
 3. Federal Inspection Service (FIS) Use Fees
- Common Use Fees
- Non-Signatory carriers pay Non-Signatory Airline Rates, Fees, and Charges

The Airport Authority is required under the AOLA to review the rentals, fees and charges at least once during each Fiscal Year. If such a review reveals a variation of more than five (5) percent between actual expenses and/or activity levels and those originally estimated by the Airport Authority, the Airport Authority may adjust the rentals, fees, and charges after consulting with the Signatory Airlines. A year-end reconciliation is also required by the AOLA. Within six (6) months after the end of each Fiscal Year, the Airport Authority is required to calculate the final rentals, fees, and charges based on the actual expenses and activity for the Fiscal Year. Any variations between the amounts paid by the Signatory Airlines and the amounts calculated based on actual expenses

and activity are to be either refunded by the Airport Authority to the Signatory Airlines or paid to the Airport Authority by the Signatory Airlines.

4.4.1 | Landing Fees

The Signatory Airlines are required to pay for their use of the Airfield Area based on the Landing Fee rate, which is set at the beginning of each Fiscal Year, by first determining the Airfield Area Requirement, which is calculated as the sum of: O&M Expenses; Annual Net Debt Service; Amortization Charges; Reserve Deposits; Coverage Charges; Major Maintenance Fund Deposits; Bad Debt Expenses; and Fuel System Costs; minus fuel flowage fee revenue; fingerprinting revenue; ground handling concession revenue; 70 percent of inflight catering revenue; and any federal, State, or local grants allocable to the Airfield Area. The Landing Fee Rate is calculated by deducting from the Airfield Area Requirement the sum of Non-Signatory Landing Fees; Aircraft Parking Position Rentals; Aircraft Parking Position Turn Fees; and Aircraft Parking Position Overnight Fees; and then dividing by the cumulative Maximum Gross Landed Weight of the Signatory Airlines (in thousand-pound units) for the Fiscal Year.

4.4.2 | Aircraft Parking Position Rental Fees

In consideration for their use of Aircraft Parking Positions, the Signatory Airlines pay the following rentals and fees:

- Aircraft Parking Position Rentals, which are paid by Signatory Airlines for Terminal parking positions associated with preferential use gates and cargo parking positions.
- Aircraft Parking Position Turn Fees, which are charged for each operation utilizing a Terminal parking position associated with any of the following: a common use gate; an accommodation of an airline requesting a gate on a preferential use basis or a cargo parking position; a cargo carrier operation on a remote parking position; and an accommodation of a cargo carrier on another cargo carrier's cargo parking position.
- Aircraft Parking Position Overnight Fees, which are charged for each operation parking overnight at any of the following locations: remote parking positions; Terminal parking positions associated with common use gates; accommodations on Terminal parking positions associated with preferential use gates; and accommodations on cargo parking positions.

The percentage of the Airfield Area Requirement allocated to the Aircraft Parking Position calculation is 20 percent.

4.4.3 | Terminal Rental Rates

The Signatory Airlines are required to pay rent for Exclusive Use Premises⁵¹, Joint Use Charges, and Common Use Fees for their use of the Terminal Area based on the Terminal Rental Rate, which is

⁵¹ Exclusive Use Premises are defined in the AOLA as those areas in the Terminal used exclusively by an airline, including (a) ticket counters, free-standing self-service kiosks, skycape podiums, curbside positions,

set at the beginning of each Fiscal Year, by first determining the Base Terminal Area Requirement, which is the sum of: O&M Expenses, Annual Net Debt Service, Amortization Charges, and Reserve Deposits allocable to the Terminal Area; minus federal, State, or local grants received to offset those amounts, and minus FIS fee revenue. The Base Terminal Area Rental Rate is calculated by dividing the Base Terminal Requirement by the square footage of the Leasable Premises. The Supplemental Terminal Rental Rate is calculated by dividing the sum of Coverage Charges, Major Maintenance Fund Deposits, and Bad Debt Expense allocable to the Terminal Area by the square footage of the Airline Leased Premises. The Terminal Rental Rate is calculated as the sum of the Base Terminal Rental Rate and the Supplemental Terminal Rental Rate.

4.4.4 | Joint Use Charges

The Signatory Airlines and Non-Signatory Airlines are required to pay Joint Use Charges for their use of the Joint Use Premises and Airline Terminal Support⁵². The Joint Use Charges are determined by first calculating the Joint Use Requirement (the Terminal Rental Rate multiplied by the total square footage of the Joint Use Premises), plus the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to Airline Terminal Support⁵³, minus rental payments received for Unenclosed Operations Premises⁵⁴. The Joint Use Charges are determined by two calculations. The first calculation takes 10 percent (10%) of the Joint Use Requirement, minus: (1) any Non-Signatory Airline Joint Use Charges, minus (2) the number of Signatory Airlines, excluding Cargo Carriers, with one percent (1%) or less of the enplanements at the Airport multiplied by two-tenths of one percent (0.2%) of the Joint Use Requirement, divided by (3) the number of Signatory Airlines, excluding Cargo Carriers, with more than one percent (1%) of enplanements at the Airport. The second calculation takes 90 percent (90%) of the Joint Use Requirement, minus any Non-Signatory Airline Joint Use Charges, divided by the total Signatory enplanements.

and associated queuing space in Terminal 1 on a transitional basis until the DBO of new Terminal facilities to be constructed in the New T1; and (b) certain ticket offices and baggage service offices, airline clubrooms, and operational support areas.

⁵² Joint Use Premises are defined in the AOLA as those areas used by one or more air carriers, including but not limited to hold rooms, passenger screening areas and baggage claim areas, as such areas may be modified and expanded from time to time by the Airport Authority. Airline Terminal Support is defined in the AOLA as Passenger Loading Bridges, Baggage Handling Systems, flight information displays (FIDS), gate information displays (GIDS), baggage information displays (BIDS), paging, and Airport Authority provided staffing, contractual services, facilities, equipment, and other support systems that provide security and other resources supporting Passenger Carrier operations not specifically identified in the Terminal Area.

⁵³ Once new Terminal facilities are completed and opened under the planned New T1, the Joint Use Requirement will include an additional amount equal to the Terminal Rental Rate multiplied by the total square footage of the Shared Use Premises.

⁵⁴ The Unenclosed Operations Premises are defined in the AOLA as those areas between the terminal building and the apron that are not equipped with utility services and that are assigned to airlines.

4.4.5 | Common Use Fees

The Signatory Airlines and Non-Signatory Airlines are required to pay Common Use Fees for their use of Common Use Premises and Common Use Systems. The Common Use Fee is determined by multiplying the Terminal Rental Rate by the total square footage of the Common Use Premises, plus the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to the Common Use Systems, minus the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to Signatory Airlines excluded from paying Common Use Fees, minus Non-Signatory Common Use Fees, divided by the total Signatory Airline enplanements in Common Use System equipped terminals.

4.5 | FINANCIAL ANALYSIS

This section reviews the framework for the financial operation of the Airport Authority, including key provisions of bond indentures that govern the Airport Authority's senior revenue bonds (Senior Bonds) and subordinate revenue obligations (Subordinate Obligations). This section also (1) reviews the recent historical financial performance of the Airport Authority, and examines the ability of the Airport Authority to generate sufficient Net Revenues and Subordinate Net Revenues (as defined in the bond indentures and explained later in this section)⁵⁵ in each Fiscal Year of the forecast period to meet the obligations of the bond indentures, and (2) discusses the information and assumptions underlying the financial forecasts, which include Revenues, Operation and Maintenance Expenses (O&M Expenses), debt service requirements, and debt service coverage. The financial analysis presented in this section reflects the base case air traffic forecast scenario presented in Section 3.

4.6 | Financial Framework

The Senior Series 2025 Bonds are being issued as Senior Bonds under and subject to the terms of the Master Trust Indenture, dated as of November 1, 2005, as amended (the Master Senior Indenture), by and between the Airport Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the Senior Trustee), and the Sixth Supplemental Trust Indenture, to be dated as of July 1, 2025 (the Sixth Supplemental Senior Indenture, and collectively with the Master Senior Indenture and all prior supplements, the "Senior Indenture"), by and between the Airport Authority and the Senior Trustee. Except as noted otherwise, all capitalized terms in this section have the meanings set forth in the Master Senior Indenture and the Master Subordinate Indenture (defined below).

The Senior Series 2025 Bonds are secured by a pledge of and first lien on the Airport Authority's Net Revenues on a parity with any additional bonds or obligations issued or incurred on a parity with the Senior Series 2025 Bonds under the terms and provisions of the Senior Indenture. The Senior Series 2025 Bonds are special obligations of the Airport Authority, payable solely from and secured by a pledge of and first lien on Net Revenues and certain funds and accounts held by the Senior Trustee under the Senior Indenture.

In October 2023, the Airport Authority issued \$1,061.98 million of its Senior Airport Revenue Bonds Series 2023A (Governmental/Non-AMT) and Series 2023B (Private Activity/AMT) (the Senior Series 2023 Bonds) to provide funding for capital projects.

The Airport Authority had issued the following outstanding Subordinate Obligations pursuant to the Master Subordinate Trust Indenture, dated as of December 1, 2007, as amended (the Master Subordinate Indenture), by and between the Airport Authority and U.S. Bank Trust Company, National Associate, as successor trustee (the Subordinate Trustee) and various supplemental

⁵⁵ Capitalized terms not otherwise defined are used in this section as they are defined in the bond indentures.

subordinate trust indentures, that are secured by a pledge of Subordinate Net Revenues of the Airport Authority⁵⁶:

- In December 2021, the Airport Authority issued \$1,941.74 million of its Subordinate Airport Revenue Bonds Series 2021A (Governmental/Non-AMT), Series 2021B (Private Activity/AMT) and Subordinate Airport Revenue Refunding, and Bonds Series 2021C Bonds (Federally Taxable) (the Subordinate Series 2021 Bonds).
- In April 2020, the Airport Authority issued \$241.64 million of its Subordinate Airport Revenue Refunding Bonds Series 2020A (Governmental/Non-AMT), Series 2020B (Private Activity/Non-AMT), and Series 2020C (Private Activity/AMT) (the Subordinate Series 2020 Bonds).
- In December 2019, the Airport Authority issued \$463.68 million of its Subordinate Airport Revenue and Revenue Refunding Bonds Series 2019A (Governmental/Non-AMT) and Subordinate Airport Revenue Refunding Bonds Series 2019B (Private Activity/AMT) (the Subordinate Series 2019 Bonds).
- In August 2017, the Airport Authority issued \$291.2 million of its Subordinate Airport Revenue Bonds Series 2017A (Non-AMT) and Series 2017B (AMT) (the Subordinate Series 2017 Bonds).
- In 2024, the Board authorized the issuance, from time to time, of up to \$200.0 million of Subordinate Airport Revenue Revolving Obligations (the Subordinate Revolving Obligations) pursuant to the Master Subordinate Indenture and a revolving credit agreement entered into with Bank of America, N.A. As of the date of this Report, no Subordinate Revolving Obligations were outstanding.

The Subordinate Series 2021 Bonds, the Subordinate Series 2020 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2017 Bonds, and the Subordinate Revolving Obligations are special obligations of the Airport Authority, secured by a pledge of Subordinate Net Revenues, and certain funds and accounts held by the Subordinate Trustee.

Under the Master Senior Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues at least equal to the following amounts: (1) the aggregate annual debt service on any outstanding Senior Bonds; (2) the required deposits to any Senior Debt Service Reserve Fund; (3) the reimbursement owed to any credit provider or liquidity provider as required by a Supplemental Senior Indenture; (4) the interest on and principal of any indebtedness other than Outstanding Senior Bonds, including

⁵⁶ On February 1, 2014, the Airport Authority issued \$305.3 million of Senior Special Facilities Revenue Bonds (the Series 2014 Bonds), which are special limited obligations of the Airport Authority, payable from and secured by a pledge of CFCs. The Series 2014 Bonds are not secured by a pledge of the Net Revenues or Subordinate Net Revenues of the Airport Authority.

Subordinate Obligations; and (5) payments of any reserve requirement for debt service for any indebtedness other than Outstanding Senior Bonds, including Subordinate Obligations.

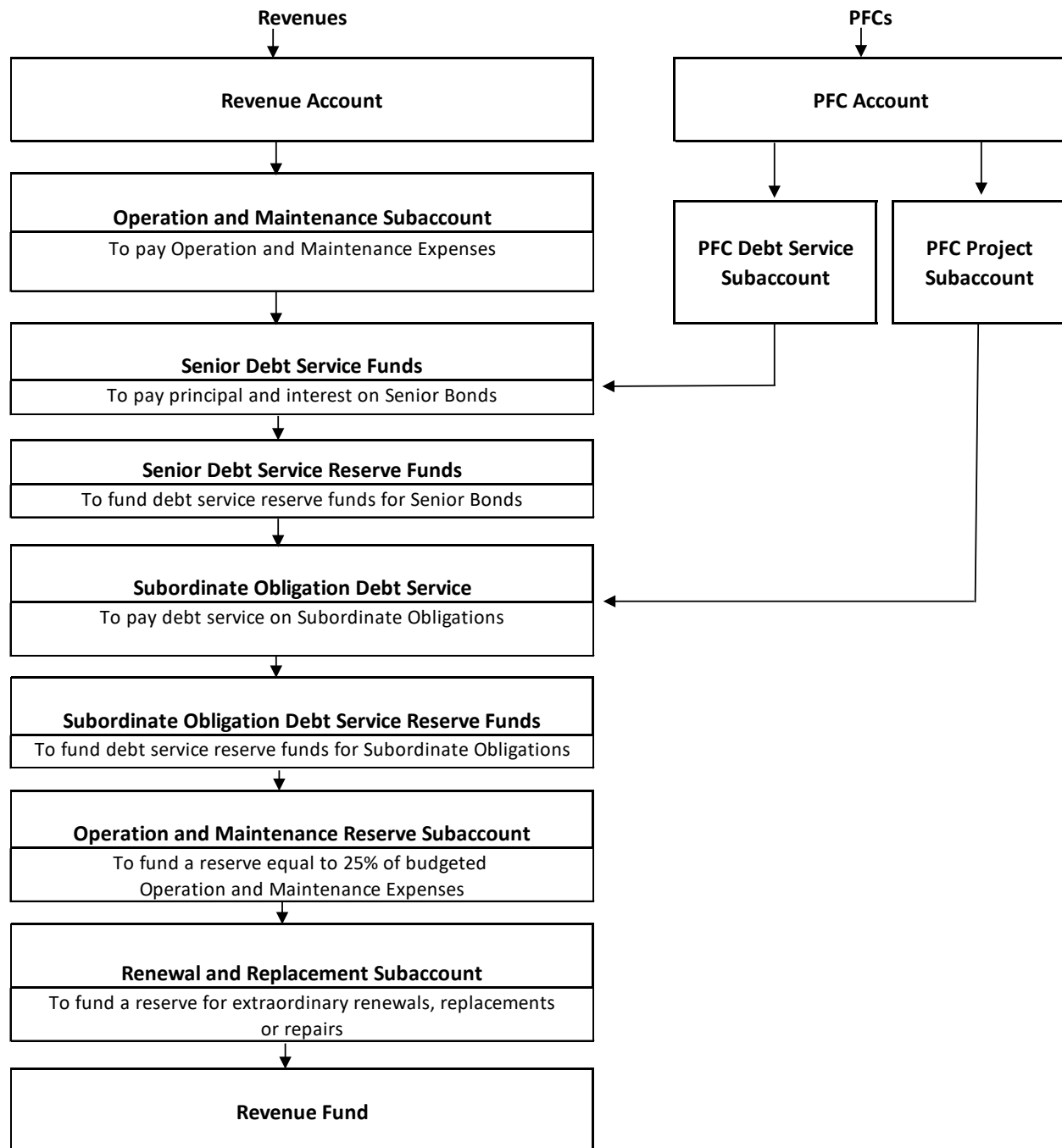
The Airport Authority has also covenanted in the Master Senior Indenture to establish and collect fees and charges in each Fiscal Year, which will generate Net Revenues at least equal to 125 percent of aggregate annual debt service on the Outstanding Senior Bonds. This provision is known as the “Senior Rate Covenant.”

Under the Master Subordinate Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues at least equal to the following amounts: (1) the interest on and principal of the Outstanding Subordinate Obligations required to be funded by the Airport Authority in such Fiscal Year; (2) the required deposits to any Subordinate Debt Service Reserve Fund; (3) the reimbursement owed to any credit provider or liquidity provider; (4) the interest on and principal of any indebtedness other than Special Facility Obligations, Senior Bonds and Outstanding Subordinate Obligations, including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations; (5) payments of any reserve requirement for debt service for any indebtedness other than Senior Bonds and Outstanding Subordinate Obligations, including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations.

The Airport Authority has also covenanted in the Master Subordinate Indenture to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues of at least 110 percent of Aggregate Annual Debt Service on the Outstanding Subordinate Obligations. This provision is known as the “Subordinate Rate Covenant.”

Figure 55 illustrates the application and priority in the uses of Revenues and PFCs, as specified in the Master Senior Indenture and the Master Subordinate Indenture.

Figure 54 | Flow of Funds



4.7 | Airport Authority Financial Statements

The basic financial statements of the Airport Authority are reported using the economic resources measurement focus and the accrual basis of accounting, which means that revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. The Independent Auditor's Report for the year ended June 30, 2024 (the most recent fiscal year for which audited

financial statements are available) states that, in the opinion of the independent auditors, the Airport Authority's financial statements for those years were presented in conformity with accounting principles generally accepted in the United States of America. Financial information is presented based on the Airport Authority's fiscal year beginning July 1 of each calendar year and ending on June 30 of the succeeding calendar year. The Airport Authority's FY2024 audited financial statements show that as of June 30, 2024, the Airport Authority had total assets of approximately \$6,711.0 million, total liabilities of \$5,046.2 million, and total net assets of approximately \$1,301.2 million.

Table 22 summarizes the Airport Authority's operating results for FY2020 through FY2024 presented in the audited financial statements, the Net Revenues presented in this Report, and a reconciliation between the two presentations. The Net Revenues presented in this Report are calculated pursuant to the definitions of Revenues, O&M Expenses, and Net Revenues included in the Master Senior Indenture—with the exception of grant reimbursements. Grant reimbursements are included in the definition of Revenues in the Master Senior Indenture, but they are excluded from the projections of Revenues in this Report, in order to reflect only the ongoing operations of the Airport Authority.

The reconciling items between the annual Operating Profit or Loss reported in the audited financial statements and the Net Revenues presented in this Report consist of depreciation and amortization expense⁵⁷, interest income (excluding interest earned on unspent PFCs and CFCs)⁵⁸, Federal relief funds⁵⁹, RCC busing expenses paid with CFCs⁶⁰, Governmental Accounting Standards Board (GASB) non-cash funded liability⁶¹, the Joint Studies Program expenses⁶², and GASB 87 Lease Adjustment⁶³.

⁵⁷ Depreciation and amortization expense is included in Operating Expenses in the audited financial statements, but it is excluded from the definition of O&M Expenses in the Master Senior Indenture.

⁵⁸ Interest Income, excluding interest earned on unspent PFCs and CFCs, is included in the definition of Revenues in the Master Senior Indenture, but is not included in the calculation of Operating Profit or Loss on the audited financial statements because it is classified as Non-Operating Revenue.

⁵⁹ This amount represents that amount of Federal relief funds related to COVID-19 that were applied to O&M Expenses in FY2020, FY2021 and FY2022.

⁶⁰ The definition of O&M Expenses in the Master Senior Indenture excludes expenses paid with CFCs (the definition of Revenues excludes CFC revenue).

⁶¹ The GASB non-cash funded liability represents non-cash accounting entries made by the Airport Authority to comply with reporting requirements for the audited financial statements.

⁶² Joint Studies Program expenses are included in the definition of O&M Expenses in the Master Senior Indenture, but they are not part of the calculation of Operating Profit or Loss on the financial statements because they are included in Non-Operating Expenses.

⁶³ Effective July 1, 2020, GASB 87 requires the recognition of certain leases to be recorded as liabilities and right-of-use assets. This has resulted in non-cash entries to re-classify operating revenues and expenses to balance sheet assets and liabilities and modifies in the timing and the classification, operating vs non-operating, of the recognition of revenues and expenses.

Table 22 | Historical Financial Results

Category	For Fiscal Years Ended June 30				
	2020	2021	2022	2023	2024
Audited Statement of Revenues and Expenses					
Operating Revenues	\$ 263,035,972	\$ 223,973,900	\$ 319,253,894	\$ 360,762,000	\$ 399,899,000
Less: Operating Expenses	(293,837,620)	(277,808,147)	(291,233,232)	(305,926,000)	(314,462,000)
Operating Gain (Loss)	\$ (30,801,648)	\$ (53,834,247)	\$ 28,020,662	\$ 54,836,000	\$ 85,437,000
Net Revenues per Master Senior Indenture					
Revenues	\$ 280,572,988	\$ 227,747,144	\$ 324,096,640	\$409,432,063	\$478,883,956
Federal Relief Funds	16,080,061	51,218,785	60,790,418	-	-
Less: O&M Expenses	(152,377,707)	(139,258,325)	(156,925,386)	(177,921,959)	(\$189,012,370)
Net Revenue per Master Senior Indenture	\$ 144,275,342	\$ 139,707,604	\$ 227,961,672	\$ 231,510,103	\$ 289,871,586
Reconciliation					
Operating Gain (Loss) per Financial Statements	\$ (30,801,648)	\$ (53,834,247)	\$ 28,020,662	\$ 54,836,000	\$ 85,437,000
Depreciation and Amortization Expense	131,587,039	137,495,515	141,918,773	131,586,000	122,175,000
Interest excluding interest on PFCs and CFCs	17,838,099	11,973,199	13,754,961	36,297,181	66,999,140
Federal Relief Funds	16,080,061	51,218,785	60,790,418	-	-
RCC Expenses	8,497,367	6,793,029	7,617,800	10,957,504	14,646,683
Actuarial Liability non cash Adjustments	1,074,421	4,120,467	(5,062,107)	(4,225,090)	(1,052,747)
GASB 87 94 and 96 (Non Cash Adjustment)	2	(18,232,435)	(18,980,774)	1,987,131	1,679,223
Other		173,291	(98,061)	71,377	(12,713)
Net Revenue per Master Senior Indenture	\$ 144,275,342	\$ 139,707,604	\$ 227,961,672	\$ 231,510,103	\$ 289,871,586

Source: Airport Authority records and the San Diego County Regional Airport Authority's FY2024 Annual Comprehensive Financial Report.

4.8 | Operation and Maintenance Expenses

The Master Senior Indenture defines "Operation and Maintenance Expenses," or "O&M Expenses," as the total operation and maintenance expenses of the Airport as determined in accordance with generally accepted accounting principles, excluding depreciation expense and any operation and maintenance expenses payable from moneys other than Revenues, such as PFCs and CFCs.

Table 23 presents audited historical O&M Expenses from FY2020 through FY2024. Total O&M Expenses decreased from approximately \$152.4 million in FY2020 to a low of \$139.3 million in FY2021. The decreases resulted from the Airport Authority implementing cost-cutting measures in response to the decrease in passenger traffic caused by the COVID-19 pandemic.

As airport activity began to return to pre-pandemic levels, total O&M Expenses increased to \$156.9 million in FY2022, \$177.9 million in FY2023, and \$189.0 million in FY2024. The historical changes in the various categories of O&M Expenses are discussed in the subsections below.

The projections of O&M Expenses reflect the Airport Authority's FY2025 estimate. The remaining years in the forecast period reflect projections that anticipate future expense trends, including an inflation factor, the impact of increased passenger activity, and the projected operating expense impacts of projects in the Capital Program. Increases in certain categories of O&M Expenses are projected in FY2026 to reflect the anticipated effects of the opening of the first phase of the new Terminal 1. O&M Expenses are estimated to increase to \$205.8 million in FY2025 and \$237.3 million in FY2026. During the forecast period, total O&M Expenses are projected to increase to

approximately \$301.7 million in FY2031, as shown in Table 24. The projected changes in the various elements of O&M Expenses are explained in the sub-sections below.

Table 23 | Historical O&M Expenses

O&M Expense Categories	For Fiscal Years Ended June 30					Compound Annual Growth
	Actual					
	2020	2021	2022	2023	2024	
Personnel	\$50,592,427	\$48,801,890	\$51,435,175	\$55,456,051	\$58,496,716	3.7%
Contractual Services	29,196,265	18,183,567	26,873,149	34,623,139	37,843,131	6.7%
Safety and Security	29,456,871	35,085,809	34,190,686	33,042,629	36,777,849	5.7%
Utilities	12,747,898	11,729,710	14,193,387	17,567,259	19,518,127	11.2%
Maintenance	11,584,301	9,110,600	10,746,604	16,417,015	14,125,325	5.1%
Space Rent	10,207,066	10,266,658	11,330,487	10,804,633	11,037,370	2.0%
Business Development	2,033,123	208,640	1,781,323	1,916,108	2,279,873	2.9%
Other Expenses	6,559,756	5,871,451	6,374,575	8,095,125	8,933,979	8.0%
Total O&M Expenses	\$152,377,707	\$139,258,325	\$156,925,386	\$177,921,959	\$189,012,370	5.5%

Source: Airport Authority records.

Table 24 | Projected O&M Expenses

O&M Expense Categories	Fiscal Years Ending June 30							Compound Annual Growth
	Estimate	Projected						
	2025	2026	2027	2028	2029	2030	2031	
Personnel	\$60,641,520	\$68,995,151	\$73,820,053	\$77,883,568	\$82,152,477	\$86,637,272	\$91,348,984	7.1%
Contractual Services	43,060,657	49,137,011	50,171,461	52,676,604	55,056,903	56,708,610	58,409,868	5.2%
Safety and Security	40,038,517	45,761,042	47,975,356	49,414,617	50,897,055	52,423,967	53,996,686	5.1%
Utilities	20,800,680	24,536,009	27,179,945	33,145,343	38,789,704	39,953,395	41,151,997	12.0%
Maintenance	16,415,593	18,805,446	19,845,371	20,440,732	22,008,965	22,669,234	23,349,311	6.0%
Space Rent	11,059,705	11,072,855	11,082,428	11,082,428	11,082,428	11,082,428	11,082,428	0.0%
Business Development	3,328,950	5,214,290	5,719,208	5,890,784	6,067,508	6,249,533	6,437,019	11.6%
Other Expenses	10,410,096	13,766,340	13,614,818	13,986,272	15,033,758	15,447,779	15,874,222	7.3%
Total O&M Expenses	\$205,755,717	\$237,288,143	\$249,408,640	\$264,520,349	\$281,088,797	\$291,172,217	\$301,650,515	6.6%

Source: Airport Authority and Unison Consulting, Inc.

4.8.1 | Personnel

Personnel expenses are the largest category of O&M Expenses. Due to the cost-cutting measures implemented in response to the COVID-19 pandemic, personnel expenses decreased from \$50.6 million in FY2020 to \$48.8 million in FY2021. Personnel expenses increased to \$51.4 million, \$55.5 million, and \$58.5 million in FY2022, FY2023, and FY2024, respectively, due to wage increases and the Airport Authority filling some of its vacancies as air traffic recovered.

Personnel expenses are estimated to continue increasing to \$60.6 million in FY2025 and approximately \$69.0 million in FY2026 due to budgeted position increases as the new Terminal 1 is activated, wage increases, and increasing benefit costs. Due to anticipated headcount increases, annual wage increases and increased benefit costs, personnel expenses are projected to increase to \$91.3 million in FY2031.

4.8.2 | Contractual Services

The Contractual Services category consists primarily of fees incurred for contracts for services supplied by vendors, such as parking management and parking shuttle costs, janitorial services for the terminals and Airport Administration space, contracts with program management support services, legal consultants, and other consultants. Contractual Services decreased from \$29.2 million in FY2020 to \$18.2 million in FY2021 due to decreases in terminal janitorial costs, shuttle and parking costs, and various cost-cutting measures implemented by the Airport Authority during the air traffic downturn. Contractual Services increased to \$26.9 million in FY2022, \$34.6 million in FY2023, and \$37.8 million in FY2024 due to increased activity in the terminal buildings, the reopening of valet parking, increased inter-terminal shuttle services, increased employee parking shuttle services, and San Diego Flyer shuttle services.

Contractual Services are estimated to continue increasing to \$43.1 million in FY2025 and \$49.1 million in FY2026, mainly due to increased costs and activity associated with The new Terminal 1 facility. Contractual Services are projected to increase to \$58.4 million in FY2031, with the majority of the increase expected to occur when the new Terminal 1 is partially opened in FY2026 and fully opened in FY2028.

4.8.3 | Safety and Security

Charges for police and fire services represent the majority of the expenses under the Safety and Security category (84.3 percent of Safety and Security expenses FY2024). Most of the remainder of the Safety and Security category is composed of the costs of a private security company that provides staff to perform inspections, secure perimeter gates, and certain communication and dispatching functions. Police services are provided by the Port District Law Enforcement-Harbor Police Department, as mandated by the Act that created the Airport Authority. Airfield Rescue and Fire Fighting (ARFF) services are provided by the City of San Diego. Total Safety and Security expenses increased from \$29.5 million in FY2020 to \$35.1 million in FY2021 before decreasing to \$34.2 million and \$33.0 million in FY2022 and FY2023, respectively. Safety and Security expenses increased to \$36.8 million in FY2024. The increases were driven by increased Harbor Police hourly rates, retirement benefits, and overhead costs.

Safety and Security expenses are estimated to increase to \$40.0 million in FY2025 and \$45.8 million in FY2026. The increase in FY2026 is projected to occur because of additional Harbor Police and guard services when the new Terminal 1 opens and increased Harbor Police labor, burden, and overhead costs. Safety and Security expenses are projected to continue to increase to \$54.0 million in FY2031 due to further additional staff requirements related to the opening of the new Terminal 1 and general increases in salary and benefits.

4.8.4 | Utilities

Utilities expenses include costs paid for the use of electricity, natural gas, water, telephone, and internet services. These expenses decreased from approximately \$12.7 million in FY2020 to \$11.7 million in FY2021 due to decreased utility usage during the downturn in air traffic. Utility expenses increased to \$14.2 million in FY2022 due to increased usage from increased activity at the Airport.

Utilities expenses increased to \$17.6 million and \$19.5 million in FY2023 and FY2024 due to higher utility rates and increased usage.

Utilities expenses are estimated to continue to increase in FY2025 and FY2026 to \$20.8 million and \$24.5 million, respectively. The increase in FY2026 is driven by an anticipated 10% mid-year rate increase and higher usage due to the additional square footage associated with the new Terminal 1. In FY2027 utilities expenses are projected to increase to \$27.2 million as the new Terminal 1 operates for a full year, and in FY2028 increases to \$33.1 million as the final phase of the New T1 opens. Utilities expenses are expected to grow to \$41.2 million in FY31 because of anticipated rate increases.

4.8.5 | Maintenance

During the pandemic, the Airport Authority limited all non-essential maintenance at the Airport. As a result, Maintenance expenses decreased from \$11.6 million in FY2020 to \$9.1 million in FY2021. In FY2022, Maintenance expenses increased to \$10.7 million as a result of the Airport Authority completing more maintenance projects. In FY2023, The Airport Authority completed deferred maintenance projects, and the expenses increased to \$16.4 million. Maintenance expenses decreased to \$14.1 million due to the completion of major annual maintenance tasks in FY2023.

In FY2025 and FY2026, Maintenance expenses are estimated to increase to \$16.4 million and \$18.8 million. The estimated increase in FY2026 is due to increases in HVAC and escalator/elevator maintenance due to the new space and facilities associated with the new Terminal 1, with further increases to \$22.0 million in FY2029 due to the additional space and equipment that will be added with the full completion of the new Terminal 1. Maintenance expenses are expected to grow to \$23.3 million in FY2031.

4.8.6 | Space Rent

Space rental expense consists of lease payments to the Port District for properties adjacent to the Airport, including the former General Dynamics and Teledyne Ryan parcels. Space rental payments increased slightly, from approximately \$10.2 million in FY2020 and FY2021 to \$11.3 million in FY2022, reflecting contractual lease adjustments. Space rental expenses were \$11.0 million in FY2024. This line item is projected to remain at that level throughout the forecast period, reflecting the long-term nature of the Airport Authority's lease agreements.

4.8.7 | Business Development

Business Development expenses include costs for advertising, membership and dues, postage and shipping, promotional activities and materials, and travel. Business Development expenses decreased from \$2.0 million in FY2020 to \$0.2 million in FY2021. The decreases in FY2020 and FY2021 resulted from cost-cutting measures, which included a reduction in the concessions marketing program, advertising expenses, and limited air service development incentives. Business Development expenses increased to \$1.8 million, \$1.9 million, and \$2.3 million in FY2022, FY2023, and FY2024, respectively, as the Airport Authority resumed marketing and advertising programs with air traffic recovery.

Business Development expenses are estimated to increase to \$3.3 million in FY2025 and \$5.2 million in FY2026. These expenses are projected to continue increasing to \$5.7 million in FY2027, primarily due to the Airport Authority's plans to market the new Terminal 1, parking facilities, and concessions programs. Business development expenses are projected to increase 3.0 percent annually, beginning in FY2028 and ending at \$6.4 million in FY2031.

4.8.8 | Other

Other expenses include employee development and support, equipment rentals and repairs, insurance, operating equipment and systems, operating supplies, tenant improvements, and other expenses. Due to the Authority's cost-cutting measures, the total amount of these expenses decreased from \$6.6 million in FY2020 to \$5.9 million in FY2021. Beginning in FY2022, these expenses increased to \$8.9 million in FY2024, primarily due to increases in costs related to insurance and tenant improvements.

Other expenses are estimated to increase to \$10.4 million in FY2025 and \$13.8 million in FY2026. The increases in FY2026 are expected to occur because of additional expenses related to the partial opening of the new Terminal 1, including software systems, IT maintenance and support contracts, common-use system maintenance, and insurance. With the completion of the new Terminal 1, other expenses are projected to increase further to \$15.0 million in FY2029. Other expenses are projected to increase 2.8 percent annually to \$15.9 million in FY2031.

4.9 | Debt Service and Amortization Charges

As discussed in Section 1, the funding plan for the Airport Authority's Capital Program includes approximately \$718.9 million in project funding from the proceeds of the Senior Series 2025 Bonds. The estimated sources and uses of the Senior Series 2025 Bonds are presented in Table 25.

Table 25 | Estimated Sources and Uses of the Senior Series 2025 Bonds

	Series 2025A	Series 2025B	Total Series 2025
Sources			
Par Amount	\$96,000,000	756,406,297.48	\$852,406,297
Premium	3,279,725	10,896,530	14,176,254
Interest Earnings	7,420,464	73,149,267	80,569,731
Total Sources	\$106,700,189	\$840,452,094	\$947,152,283
Uses			
Project Fund	83,845,687	636,144,383	719,990,070
Capitalized Interest	12,164,990	100,759,267	112,924,257
Debt Service Reserve Fund	6,843,047	52,815,025	59,658,072
Capitalized Interest on Previous Bonds	3,317,093	46,574,974	49,892,067
Underwriters Discount/COI/Rounding	312,000	2,454,888	2,766,888
Cost of Issuance	217,372	1,703,558	1,920,929
Total Uses	\$106,700,189	\$840,452,094	\$947,152,283

Source: Frasca & Associates, LLC.

The estimated debt service for the Senior Series 2025 Bonds assumes an all-in True Interest Cost (TIC) of 5.3 percent, with capitalized interest assumed through about January 1, 2028.⁶⁴ All assumptions are preliminary and subject to change. The actual terms of the Senior Series 2025 Bonds may differ from what is assumed for this financial analysis.

While no additional debt is expected to be needed to fund the New T1, the funding plan for the Capital Program assumes additional debt will be issued during the forecast period to fund a portion of the costs of the Terminal 2E Connector project. The debt service projections assume one future senior bond issue in July 2028 (the Senior Series 2028 Bonds). For this analysis, it is assumed that the Senior Series 2028 Bonds will have a par amount of approximately \$189.9 million, with an all-in TIC of 6.0 percent and the majority of capitalized interest extending through January 2030. The Airport Authority will continue to evaluate the funding plan as other capital projects are needed, and the assumptions regarding a future bond issue may be revised as more information becomes available.

The projected debt service is presented on Table 26, including the estimated Senior Series 2025 debt service and the estimated debt service for a future series of bonds. All amounts are shown net of estimated capitalized interest.

Total debt service is projected to decrease from \$102.8 million in FY2024 to \$96.7 million in FY2025 due to reductions in debt service for the Subordinate Series 2020 Bonds and the Subordinate Series 2019 Bonds. In FY2026 total debt service is projected to increase to \$175.4 million as the capitalized interest ends for the Subordinate Series 2021 Bonds and for a portion of the Senior Series 2023 Bonds. Debt service is projected to increase to \$248.2 million in FY2028 and \$287.5 million in FY2029 when the debt service for the Senior Series 2023 Bonds and Senior Series 2025 Bonds begins following the capitalized interest period. Debt service is projected to increase to \$320.2 million in FY2031 due to the anticipated future Senior Series 2028 debt service payments beginning in FY2030.

⁶⁴ Capitalized interest is assumed to coincide with the estimated construction periods for the various projects assumed to be funded with the Series 2025 Bonds. The majority of the capitalized interest is anticipated to end by January 1, 2028.

Table 26 | Projected Debt Service

Bond Series	For Fiscal Years Ended June 30							
	Actual	Estimate	Projected					
	2024	2025	2026	2027	2028	2029	2030	2031
Senior Bonds:								
Series 2023 A	3,150,560	4,093,094	2,768,875	3,478,750	4,158,750	4,154,750	4,154,250	5,372,000
Series 2023 B	63,678	93,188	31,862,753	33,926,048	55,889,355	64,084,163	64,081,163	64,082,163
Total Series 2023	3,214,238	4,186,282	34,631,628	37,404,798	60,048,105	68,238,913	68,235,413	69,454,163
Planned Series 2025 A	-	-	-	-	28,060,350	56,129,950	56,134,200	56,129,700
Planned Series 2025 B	-	-	-	-	3,088,231	6,092,288	6,089,038	6,092,038
Total Planned Series 2025	-	-	-	-	31,148,581	62,222,238	62,223,238	62,221,738
Planned Future Series 2028	-	-	-	-	-	-	7,031,100	14,062,100
Total Planned Future Series 2028	-	-	-	-	-	-	7,031,100	14,062,100
Total Senior Lien	\$ 3,214,238	\$ 4,186,282	\$ 34,631,628	\$ 37,404,798	\$ 91,196,687	\$ 130,461,150	\$ 137,489,750	\$ 145,738,000
Subordinate Obligations:								
Series 2017 A	9,497,750	9,495,500	9,496,000	9,498,750	9,498,250	9,499,250	9,496,250	9,499,000
Series 2017 B	9,417,750	9,416,750	9,418,500	9,417,500	9,418,500	9,416,000	9,419,750	9,419,000
Total Series 2017	\$18,915,500	\$18,912,250	\$18,914,500	\$18,916,250	\$18,916,750	\$18,915,250	\$18,916,000	\$18,918,000
Series 2019 A Refunding	9,572,500	8,470,000	8,470,000	8,470,000	8,470,000	8,470,000	8,470,000	18,300,000
Series 2019 A	10,359,750	10,361,250	10,360,250	10,361,500	10,359,500	10,359,000	10,359,500	10,360,500
Series 2019 B	8,062,100	8,058,100	8,058,350	8,062,350	8,059,600	8,060,100	8,058,350	8,059,100
Total Series 2019	27,994,350	26,889,350	26,888,600	26,893,850	26,889,100	26,889,100	26,887,850	36,719,600
Series 2020 A Refunding	3,260,000	2,726,750	2,724,500	2,727,750	2,731,000	2,729,000	2,726,750	599,000
Series 2020 B/C Refunding	22,606,750	17,609,750	17,603,250	17,603,500	17,604,000	17,608,500	17,605,500	17,409,000
Total Series 2020	25,866,750	20,336,500	20,327,750	20,331,250	20,335,000	20,337,500	20,332,250	18,008,000
Series 2021 A	4,427,125	5,179,950	21,008,704	25,279,550	25,278,550	25,275,800	25,276,050	25,273,800
Series 2021 B	-	-	45,549,026	57,505,400	57,509,900	57,508,900	57,501,650	61,827,400
Series 2021 C Refunding	22,397,658	21,245,289	8,065,892	8,065,892	8,065,892	8,065,892	8,570,892	13,704,499
Total Series 2021	26,824,783	26,425,239	74,623,621	90,850,842	90,854,342	90,850,592	91,348,592	100,805,699
Total Subordinate	99,601,383	92,563,339	140,754,471	156,992,192	156,995,192	156,992,442	157,484,692	174,451,299
Total Debt Service	\$102,815,621	\$96,749,621	\$175,386,099	\$194,396,990	\$248,191,878	\$287,453,592	\$294,974,442	\$320,189,299

Source: Airport Authority records and Frasca & Associates, LLC. The above table reflects assumptions regarding a future bond issue in 2028. The Airport Authority will continue to evaluate the funding plan for future capital projects, and the assumptions regarding future bond issues may be revised as more information becomes available.

4.10 | Revenues

The Master Senior Indenture defines “Revenues” as all income, receipts, earnings and revenues received by the Airport Authority from the operation and ownership of the Airport. Excluded from the definition of Revenues are PFCs, CFCs, interest income on unspent PFCs and CFCs, Federal relief funds, and certain other items. The Airport Authority has covenanted that all Revenues will be deposited into the Revenue Account within the Revenue Fund to be pledged as security for the Senior Bonds, the Subordinate Obligations, and any additional bonds issued pursuant to the Master Senior Indenture and the Master Subordinate Indenture.

Historical and projected Revenues are presented on Table 27 and Table 28, respectively. Revenues decreased from approximately \$280.6 million in FY2020 to \$227.7 million in FY2021 as a result of decreased passenger activity. Revenues increased to \$324.1 million in FY2022, \$409.4 million in FY2023, and \$478.9 million FY2024 due to the factors described in the sub-sections below. Revenues are estimated to increase to \$527.4 million in FY2025 and \$576.4 million in FY2026, and are projected to increase to \$705.7 million in FY2031. The projections of the various categories of Revenues are explained in the sub-sections below.

4.10.1 | Airline Revenues

Airline revenues consist of landing fees, aircraft parking fees, terminal rentals, common use fees, FIS use charges, joint use fees, and other aviation revenue, net of reductions for the Air Service Incentive Program, as discussed later in this section.

Total Airline revenues increased by an average of 13.8 percent per year from \$131.8 million in FY2020 to \$221.1 million in FY2024. Approximately \$58 Million of this increase related to non-operating and Pandemic related adjustments. Firstly, \$30 million annual PFC debt service offset is preserved (to apply to future New T1 debt service) from FY2023 through FY2025 which increased debt service is recovered in Airline revenues. Secondly, pandemic era federal relief was applied to reduce airline costs (and hence airline revenue) through the FY2020-FY2024 timeframe but \$18 million more was applied in FY2020 compared to FY2024. Lastly, the MMF fund has an additional \$10 million annual catch-up contribution from FY2024- FY2029 after MMF contributions were suspended during the pandemic, between FY2021-FY2023. The remaining increases are mostly driven by increased O&M Expenses allocated to the airline cost centers and increased debt service from the Series 2019 Bonds. Total Airline revenues are estimated to continue to increase to \$239.8 million in FY2025 and \$279.6 million in FY2026 because of additional increases in the O&M expenses and debt service allocated to the airline cost centers. Airline revenues are projected to increase to \$428.1 million in FY2031 predominantly because of debt service allocated to the Terminal in support of the new Terminal 1 and additional O&M expenses. The components of the airline revenues are discussed below.

4.10.2 | Landing Fees

Landing fees increased from \$33.2 million in FY2020 to \$34.0 million in FY2021 and 35.4 million in FY2022 because of increased O&M Expenses and debt service allocated to the Airfield cost center. The Airport Authority offset the increased Airfield Area Requirement in FY2021 and FY2022 by deferring the MMF deposit in those years. Landing fees increased to \$44.8 million and \$54.0 million

in FY2023 and FY2024 respectively, mainly due to increased O&M Expenses allocated to the Airfield cost center, the deferral of the PFC offset, and the resumption of the annual deposit to the MMF, which increased to \$20 million (it was originally \$15 million) to recoup the deposits that had been deferred in FY2020 through FY2022. To offset these increases, \$20.1 million of Federal Relief Grants were applied to the airfield cost center during FY2023 and FY2024. The increased annual deposit to the MMF will continue until FY2029. Landing fees are projected to increase to \$80.7 million in FY2031 as a result of increased debt service, amortization and O&M expenses allocated to the Airfield cost center. The calculation of the projected Airfield Net Requirement and landing fee rate is shown on Table 29.

Table 27 | Historical Revenues

Revenue Categories	For Fiscal Years Ended June 30					Compound Annual Growth
	Actual					
	2020	2021	2022	2023	2024	
Airline Revenue						
Landing Fees	\$33,241,411	\$34,046,302	\$35,350,349	\$44,755,025	\$54,015,759	12.9%
Aircraft Parking Fees	8,354,053	8,541,326	8,859,770	11,188,756	13,469,179	12.7%
Terminal Rentals	29,764,891	26,948,140	32,531,441	48,605,846	53,296,392	15.7%
Common Use Fees	7,627,629	7,369,019	8,230,945	10,950,913	10,094,442	N/A
FIS Use Charge	3,261,820	984,860	2,201,290	3,219,300	3,432,130	N/A
Joint Use Fees	49,426,560	55,330,838	62,362,974	77,976,937	88,440,800	N/A
Other Aviation Revenue	161,162	884,586	235,174	267,877	252,092	11.8%
Incentive Program	-	(62,080)	(2,078,912)	(4,097,315)	(1,780,592)	N/A
Total Airline Revenue	\$131,837,525	\$134,042,991	\$147,693,032	\$192,867,339	\$221,220,203	13.8%
Non-Airline Revenue						
Building and Other Rents	2,460,888	2,589,064	2,647,034	2,729,414	2,729,944	2.6%
Concessions						
Rental Cars	26,070,018	16,973,062	38,647,373	43,123,785	40,498,287	11.6%
Food and Beverage	10,753,084	4,206,180	14,317,798	14,409,646	15,644,953	9.8%
Gifts and News	6,343,380	3,245,777	7,958,709	8,621,769	8,824,787	8.6%
License Fees	6,174,751	3,369,435	6,325,839	8,660,733	9,818,408	12.3%
Other Terminal Concessions	3,854,855	1,633,340	5,219,779	4,114,434	5,647,019	10.0%
Cost Recovery	4,047,234	1,669,075	4,495,512	4,703,824	5,640,966	8.7%
Total Concessions	\$57,243,322	\$31,096,869	\$76,965,010	\$83,634,191	\$86,074,421	10.7%
Parking and Ground	50,750,966	27,446,678	57,074,673	65,398,498	72,483,692	9.3%
Ground rentals	18,925,455	19,259,872	23,286,341	25,062,616	26,407,711	8.7%
Other Operating Revenue	1,516,733	1,338,471	2,675,590	3,442,823	2,968,846	18.3%
Interest Income	17,838,099	11,973,199	13,754,961	36,297,181	66,999,140	39.2%
Total Non-Airline Revenue	\$148,735,463	\$93,704,153	\$176,403,608	\$216,564,723	\$257,663,753	14.7%
Total Revenues	\$280,572,988	\$227,747,144	\$324,096,640	\$409,432,063	\$478,883,956	14.3%

Source: Airport Authority records.

Table 28 | Projected Revenues

Revenue Categories	Fiscal Years Ending June 30							Compound Annual Growth
	Estimate	Projected						
	2025	2026	2027	2028	2029	2030	2031	
Airline Revenue								
Landing Fees	\$60,068,098	\$59,589,539	\$61,322,873	\$63,912,008	\$70,172,835	\$73,562,587	\$80,678,068	5.0%
Aircraft Parking Fees	15,017,025	15,122,136	15,562,403	16,219,447	17,808,333	18,668,797	20,474,687	5.3%
Terminal Rentals	57,488,827	36,383,646	29,816,432	37,488,685	41,208,758	45,281,973	47,128,909	-3.3%
Common Use Fees	10,432,215	16,919,801	18,967,771	22,271,112	23,762,581	26,400,267	27,456,228	17.5%
FIS Use Charge	3,844,318	4,499,705	4,589,687	4,681,481	4,775,110	4,870,612	4,980,201	4.4%
Joint Use Fees	94,748,649	149,253,324	165,629,414	200,195,484	216,528,956	238,740,111	248,070,978	17.4%
Other Aviation Revenue	285,835	286,793	286,990	291,072	296,971	302,736	307,076	1.2%
Incentive Program	(2,078,912)	(2,500,000)	(2,500,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	-11.5%
Total Airline Revenue	\$239,806,056	\$279,554,945	\$293,675,571	\$344,059,288	\$373,553,543	\$406,827,084	\$428,096,147	10.1%
Non-Airline Revenues								
Building and Other Rents	2,758,927	3,030,907	3,128,047	3,145,670	3,163,645	3,181,979	3,200,680	2.5%
Concessions:								
Rental Cars	40,670,302	41,190,655	42,020,177	43,143,963	44,160,849	45,142,531	46,068,170	2.1%
Food and Beverage	16,227,158	17,013,369	17,458,480	18,164,912	18,596,419	19,010,809	19,398,437	3.0%
Gifts and News	9,478,592	10,345,205	10,615,861	11,045,416	11,307,799	11,559,774	11,795,477	3.7%
License Fees	10,566,552	10,615,708	10,893,441	11,259,065	11,526,524	11,783,373	12,023,635	2.2%
Other Terminal Concessions	5,501,606	6,848,741	7,027,921	7,147,894	7,317,692	7,480,754	7,633,286	5.6%
Cost Recovery	4,863,311	6,854,549	7,563,056	7,726,717	7,894,060	8,065,168	8,240,126	9.2%
Total Concessions	87,307,521	92,868,227	95,578,936	98,487,967	100,803,342	103,042,410	105,159,131	3.1%
Parking & Ground Transportation	77,299,714	88,129,376	97,031,363	98,691,535	101,034,185	103,285,040	105,392,154	5.3%
Ground rentals	27,217,406	27,685,504	27,987,488	28,593,123	29,212,385	29,845,581	30,493,023	1.9%
Other Operating Revenue	2,823,814	2,432,239	2,518,340	2,567,346	2,617,455	2,668,691	2,721,080	-0.6%
Interest Income	90,133,862	82,649,661	59,511,148	33,546,098	31,388,357	33,078,181	30,642,998	-16.5%
Total Non-Airline Revenues	\$287,541,244	\$296,795,915	\$285,755,323	\$265,031,739	\$268,219,369	\$275,101,882	\$277,609,067	-0.6%
Total Revenues	\$527,347,300	\$576,350,859	\$579,430,894	\$609,091,027	\$641,772,912	\$681,928,965	\$705,705,213	5.0%

Source: Airport Authority records and Unison Consulting, Inc.

4.10.3 | Aircraft Parking Fees

Aircraft parking fees represent 20% of the Airfield requirement (the other 80% is collected in landing fees). Aircraft parking fees increased from approximately \$8.4 million in FY2020 to \$8.9 million in FY2022. Aircraft Parking Fees increased to \$11.2 million and \$13.5 million in FY2023 and FY2024, respectively, due to increased O&M Expenses, debt service, and the reinstated MMF deposit allocated to the Airfield.

Aircraft parking fees are estimated to increase to \$15.0 million in FY2025 because of anticipated increases in O&M Expenses. Aircraft parking fees are projected to increase to \$20.5 million in FY2031 because of increased O&M Expenses and debt service allocated to the Airfield.

4.10.4 | Terminal Rentals

Terminal rentals decreased from \$29.8 million in FY2020 to \$26.9 million in FY2021 because the Airport Authority deferred the Terminal's portion of the MMF deposit to reduce airline costs. In FY2022, Terminal rentals increased to \$32.5 million because of increased O&M Expenses allocated to the Terminal cost center. Terminal rentals increased to \$48.6 million and \$53.3 million in FY2023 and FY2024, respectively, due to increased O&M Expenses and debt service allocated to the Terminal and the Terminal's portion of the MMF deposit being reinstated and increased to \$20 million, offset by the application of \$13.4 million in Federal Relief Grants.

Terminal rentals are estimated to increase to \$57.5 million in FY2025. These increases are expected to occur because of further increases to O&M Expenses allocated to the Terminal cost center. In the FY2026, the total signatory leased space is declining 189,591 square feet to 128,041 square feet due to space that is reallocated to Joint Use and Common Use with New T1 opening under the terms of the AOLA. As a result of this reduction, the Terminal rental revenues are estimated to decrease to \$36.4 million in FY2026. Because of the space reallocation, Joint Use and Common Use revenues will increase with New T1 opening, as further discussed below. The signatory leased space is estimated to decline further in FY2027, reflecting a full year of New T1, which results in Terminal rental revenues decreasing to \$29.8 million. Beginning in FY2028, Terminal rental revenues are projected to increase as the signatory leased space is estimated to increase and O&M and debt service allocated to the Terminal cost center increases. Terminal rental revenue is projected to be \$47.1 million in FY2031.

Table 30 presents the terminal rental rate, which is projected to increase from \$285.91 in FY2024 to \$382.18 in FY2031 because of increased terminal O&M Expenses, debt service, and amortization.

Table 29 | Projected Landing Fees

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
Airfield Costs							
O&M Expenses	\$66,289,674	\$69,772,371	\$69,135,556	\$71,637,909	\$74,209,373	\$76,605,206	\$79,100,895
Debt Service	9,521,929	6,477,680	5,942,774	6,249,038	6,539,032	6,541,310	10,614,816
Amortization Charges	4,918,800	5,164,939	5,510,496	6,173,557	11,932,102	18,982,083	21,500,265
Reserve Deposits	2,234,912	1,189,291	1,438,559	1,559,954	1,019,535	1,052,441	1,086,735
Major Maintenance Fund	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	15,000,000	15,000,000
Total Airfield Requirement	\$102,965,314	\$102,604,282	\$102,027,385	\$105,620,458	\$113,700,042	\$118,181,040	\$127,302,710
Credits:							
Fuel Flowage	(285,835)	(286,793)	(286,990)	(291,072)	(296,971)	(302,736)	(307,076)
Finger Printing Revenue	(151,783)	(154,210)	(157,293)	(160,697)	(164,177)	(167,736)	(171,374)
Ground Handling Concession Revenue	(7,499,547)	(7,484,528)	(7,680,342)	(7,991,115)	(8,180,944)	(8,363,242)	(8,533,768)
Inflight Services Revenue (70%)	(2,146,904)	(2,191,826)	(2,249,170)	(2,287,565)	(2,341,906)	(2,394,092)	(2,442,907)
Quieter Home Program Grants	(17,796,123)	(18,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
Total Credits	(\$27,880,191)	(\$28,117,357)	(\$25,373,794)	(\$25,730,449)	(\$25,983,998)	(\$26,227,806)	(\$26,455,125)
Airfield Area Requirement	\$75,085,123	\$74,486,924	\$76,653,591	\$79,890,010	\$87,716,044	\$91,953,234	\$100,847,585
Less: Non-Signatory Landing Fees	3,168,187	3,069,060	3,197,548	3,305,460	3,631,808	3,791,831	4,157,713
Less: Aircraft Parking Position Fees	15,017,025	14,897,385	15,330,718	15,978,002	17,543,209	18,390,647	20,169,517
Airfield Net Requirement	\$56,899,912	\$56,520,479	\$58,125,325	\$60,606,547	\$66,541,027	\$69,770,756	\$76,520,355
Signatory Landed Weight (1,000 lb. units)	14,411,211	14,490,615	14,515,229	14,758,029	15,083,346	15,409,568	15,679,033
Signatory Landing Fee Rate	\$3.95	\$3.90	\$4.00	\$4.11	\$4.41	\$4.53	\$4.88
Non-Signatory Landing Fee Rate	\$4.74	\$4.68	\$4.81	\$4.93	\$5.29	\$5.43	\$5.86

Source: Airport Authority records and Unison Consulting, Inc.

4.10.5 | Common Use Fees

Common Use fees are charged to the airlines for the use of the common use systems. Common Use fees decreased from \$7.6 million in FY2020 to \$7.4 million in FY2021 because of the reduction in the Terminal rental rate that was driven by the deferral of the deposit to the MMF. In FY2022, Common Use fees increased to \$8.2 million because of increased O&M Expenses and debt service allocated to the Terminal cost center. Common Use fees increased to \$11.0 million in FY2023 because of the increases to the Terminal described above. Common Use fees decreased to \$10.1 million in FY2024 because of decreased amortization charges.

Common Use fees are estimated to increase to \$10.4 million in FY2025 and \$16.9 million in FY2026 as square footage is reassigned from exclusive to common use when Southwest moves to common use facilities in the new Terminal 1. Common Use fees are projected to continue increasing to \$27.5 million in FY2031 because of cost increases associated with the new Terminal 1, including debt service and O&M Expenses.

Table 30 | Projected Terminal Rental Rate

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
Terminal Costs							
O&M Expenses	81,015,211	96,815,080	100,198,075	107,973,071	116,616,920	121,139,405	125,846,352
Debt Service	57,531,289	87,171,774	97,632,050	152,869,956	174,859,361	207,310,653	219,712,711
Amortization Charges	8,578,333	8,790,510	9,492,509	10,904,347	14,146,004	22,669,575	20,635,258
Reserve Deposits	4,469,823	2,378,583	2,877,118	3,119,908	2,039,070	2,104,883	2,173,469
Total Terminal Requirement	\$151,594,656	\$195,155,947	\$210,199,752	\$274,867,282	\$307,661,355	\$353,224,515	\$368,367,789
Credits:							
FIS Use Charge	(3,844,318)	(4,499,705)	(4,589,687)	(4,681,481)	(4,775,110)	(4,870,612)	(4,980,201)
Total Credits	(\$3,844,318)	(\$4,499,705)	(\$4,589,687)	(\$4,681,481)	(\$4,775,110)	(\$4,870,612)	(\$4,980,201)
Base Terminal Area Requirement	\$147,750,338	\$190,656,243	\$205,610,065	\$270,185,802	\$302,886,245	\$348,353,902	\$363,387,588
Terminal Leasable Square Footage	576,926	783,110	860,979	935,366	1,003,748	1,003,748	1,003,749
Base Terminal Area Rental Rate	\$256.10	\$243.46	\$238.81	\$288.86	\$301.76	\$347.05	\$362.03
Supplemental Terminal Area Requirement							
Major Maintenance Fund	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$15,000,000	\$15,000,000
Airline Leased Square Footage	452,922	619,684	681,357	712,929	744,498	744,498	744,498
Supplemental Terminal Rate	\$44.16	\$32.27	\$29.35	\$28.05	\$26.86	\$20.15	\$20.15
Terminal Rental Rate	\$300.26	\$275.73	\$268.16	\$316.91	\$328.62	\$367.20	\$382.18
NonSignatory Terminal Rental Rate	\$360.31	\$330.88	\$321.80	\$380.29	\$394.34	\$440.64	\$458.61

Source: Airport Authority records and Unison Consulting, Inc.

4.10.6 | FIS Use Charge

The Airport Authority charges airlines \$10.00 for each international arriving seat for the use the Airport's international facilities. The revenue is subsequently credited back to the terminal cost center. In FY2020, the Airport Authority collected approximately \$3.3 million in FIS Use Charge revenues. This revenue decreased to approximately \$1.0 million in FY2021 as a result of the significant reduction in international arriving seats. This revenue increased to \$2.2 million, \$3.2 million, \$3.4 million in FY2022, FY2023, and FY2024. As international traffic continues to increase, FIS Use Charge revenues are projected to increase to \$5.0 million in FY2031.

4.10.7 | Joint Use Fees

As described above in Section 4, Joint Use fees are charged to the airlines for the use of the joint use facilities at the Airport. Joint Use fees increased from \$49.4 million in FY2020 to \$62.4 million in FY2022 because of increased O&M Expenses and debt service. Joint Use fees increased to \$78.0 million and \$88.4 million in FY2023 and FY2024 respectively because of the increased O&M Expenses, debt service allocated to the Terminal, and the increased deposit to the MMF. Joint Use fees are projected to increase from \$94.7 million in FY2025 to \$149.3 million in FY2026 because of the space reallocation associated with the opening of New T1. Joint Use fees are projected to increase to \$248.1 million in FY2031. The significant increases are expected to occur because of increased O&M Expenses and debt service allocated to the Terminal and the Airline Terminal Support cost centers and an increase in Joint Use square footage in the new T1.

4.10.8 | Other Aviation Revenue

Other Aviation Revenues consist primarily of fuel farm franchise fees. These revenues increased from \$161,000 in FY2020 to \$885,000 in FY2021 due to minimum fees owed by some Signatory airlines while air traffic was still recovering. These revenues decreased to \$235,000 in FY2022. These revenues remained relatively stable growing to \$252,000 in FY2024. Other Aviation revenues are estimated to increase to \$307,000 in FY2031.

4.10.9 | Incentive Program

The Air Service Incentive Program (ASIP), which started on January 1, 2021, is intended to increase SAN's nonstop destinations, enable fair access for new entrants, promote competition, and restart air service that was impacted in recent years. This revenue category is a reduction in airline revenues because it represents the credits awarded by the Airport Authority to qualifying airlines. ASIP credits totaled approximately \$62,000 in FY2021 and increased to \$2.1 million in FY2022. ASIP credits increased to \$4.1 million in FY2023 before decreasing to \$1.8 million FY2024. ASIP credits are estimated to increase to \$2.1 million in FY2025 and \$2.5 million in FY2026. ASIP credits are estimated to remain at \$2.5 million in FY2027 before decreasing to \$1.0 million annually for the remainder of the forecast period.

4.10.10 | Non-Airline Revenues

Non-airline revenues consist of building rents, terminal concession revenues, parking and ground transportation revenues, ground rentals, other operating revenue, and interest income. Non-airline revenues decreased from \$148.7 million in FY2020 to \$93.7 million in FY2021 because of the pandemic related reduction in passenger activity. As passenger traffic began to recover, non-airline revenues increased to \$176.4 million in FY2022, \$216.6 million in FY2023, and \$257.7 million in FY2024. Non-airline revenues are estimated to be \$287.6 million in FY2025 and \$296.8 million in FY2026. These revenues are projected to decrease to \$277.6 million in FY2031, driven by a decrease in interest revenue. The projected changes are discussed below.

4.10.11 | Building and Other Rents

The Airport Authority receives rent from non-airline tenants for space rented in the terminal buildings and other areas. This revenue category increased from \$2.5 million in FY2020 to \$2.7 million in FY2024, due to the increase in terminal rental rates. Building and Other Rent revenue is projected to increase by 2.5 percent per year to \$3.2 million in FY2031.

4.10.12 | Concessions

The Airport Authority receives percentage concession fees, subject to a minimum annual guarantee (MAG), from rental car, food and beverage, news and gift, and other concessionaires. The concession revenue is calculated as a percentage of each concessionaire's sales, subject to MAG amounts. The various types of concession revenues and the historical trends and projected future increases are described in the sub-sections below. The concession revenue projections are based on the percentage of gross sales only. Starting in FY2020, the MAGs were reset in response to the effect of the downturn in air traffic and concession revenues.

Rental Car Revenues

The largest component of the concession revenue category, as shown on Table 36, is rental car concession revenue. Currently, the following rental car brands operate at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Payless, Sixt, Thrifty, Zipcar, and U-Save. The rental car companies that operate at the Airport pay a concession fee of 10 percent of their gross revenues, plus a cost recovery fee for the operating expenses of the RCC (defined in Section 1). Rental car concession revenue, including the RCC cost recovery component, decreased from \$26.1 million in FY2020 to \$17.0 million in FY2021, reflecting the reduced activity. Rental car revenues increased to \$38.6 million in FY2022 and \$43.1 million in FY2023 as passenger recovery continued. Rental car revenues decreased to \$40.5 million in FY2024 as a result of the timing of revenue recognition per GASB 87 partially offset by increased sales driven by passenger activity.

Rental car concession revenue at SAN, expressed on a per-originating enplanement basis, increased significantly from \$2.83 in FY2020, to \$3.59 in FY2021, and \$3.90 in FY2022, reflecting nationwide industry trends, as the rental car companies reduced inventory and increased prices. Rental car concession revenue per originating enplanement declined to \$3.65 in FY2023, which indicates that rental car companies may have reduced prices or passengers chose alternate modes of transportation. In FY2024, rental car concession revenue per originating enplanement decreased to \$3.30 as rental car companies continued to reduce prices. The ratio of rental car transaction days per originating enplanement remained relatively stable from FY2020 to FY2022, ranging from 0.54 to 0.59. In FY2023 and FY2024, this ratio reduced to 0.45 which indicates passengers were either renting cars for less days or choosing alternate modes of transportation.

Beginning in FY2022, rental car concession revenue, including the RCC cost recovery component exceeded pre-pandemic levels. For FY2025 and subsequent years, rental car concession revenue is projected based on an assumed return to FY2019 rental car pricing, using the historical average ratio of transaction days to originating enplanements, applied to forecast air traffic activity. Rental car concession revenue, including the RCC cost recovery component, is projected to increase to \$46.1 million in FY2031.

Food and Beverage/Gifts and News Revenues

In March 2015, the Airport Authority completed its previous concession development program, which involved a complete revamp of the shopping and dining options in the passenger terminals. As part of its concession development program, the Airport Authority entered into 18 leases with a variety of vendors for 63 food, beverage and retail units at the Airport. The leases with respect to the food and beverage units commenced on the date the applicable concession space was available for beneficial use by the vendor and expired on a date 10 years after such date of available use. The leases with respect to the retail units commenced on the date the applicable concession space was available for beneficial use by the vendor and expired on a date 7 years after such date of available use. All existing concession leases executed as part of the transition from the master concessionaire model in 2011 through 2014 expired in late 2023 or early 2024 and are currently in holdover status. In 2024, the Airport Authority completed a study of the performance of Terminal 2 West concessions since the inception of that program. Based on the results of this study, the Airport Authority plans to make significant improvements in the overall square footage allocations and

space use by category in Terminal 2. In order to accomplish these improvements, some modifications to Terminal 2 have been identified for completion in 2026. Concurrently, the Airport Authority expects to begin solicitations for new restaurant and retail concessionaires for Terminal 2 in a phased approach during calendar year 2025.

The leases provide for rental payments equal to the greater of a minimum annual guarantee (MAG) or a percentage of gross income. The leases also provide for the cost recovery of terminal concessions program costs, including: the capital and operating costs of the Receiving and Distribution Center (RDC) located on the north side of the airfield; and marketing, storage, and other O&M Expenses related to the terminal concessions, as discussed in the Cost Recovery revenue category, below.

In June 2023, the Airport Authority completed its solicitation of new concessions for the new Terminal 1. After the first phase of the new Terminal 1 opens in September 2025, the new concessions will occupy approximately 20,000 square feet of food & beverage and 10,000 square feet of retail space. This represents more than a 200% increase in square footage as compared to the current Terminal 1. Phase 1B, expected to open in early 2028, will add a further 19,000 square feet of concession space with 13 Restaurant and stores. Due to the significant investment required by the vendors, the duration of the lease agreements with the new concessionaires will increase to 15 years for food & beverage and twelve years for retail. The selected concessionaires designed and permitted the Phase 1A concession units in FY2024 and began construction in FY2025. Similar to the expiring lease agreements, the new leases will provide for rental payments equal to the MAG or a percentage of gross income. The MAG will be set at 85% of the previous year's total rent paid after the first full year of operation. The percentage rent offers for these new concession agreements as compared to the previous generation are slightly lower Food and Beverage but slightly higher for News and Gifts.

Food and Beverage revenue decreased from approximately \$10.8 million in FY2020 to \$4.2 million in FY2021. Gifts and News revenue decreased from \$6.3 million in FY2020 to \$3.2 million in FY2021. Both decreases occurred due to significant decreases in passenger activity. As passenger activity recovered, Food and Beverage and Gift and News concession revenues increased to approximately \$15.6 million and \$8.8 million, respectively, in FY2024.

The projections of concession revenues for Food and Beverage and Gift and News are based on recent ratios of revenue per enplanement for each category, with assumed increases to account for inflation and the phased opening of the new Terminal 1 and applied to forecast enplanements. Concession revenue is projected to increase to \$19.4 million in FY2031 for Food and Beverage, and \$11.8 million for Gift and News.

License Fees

The Airport Authority receives license fees from companies that provide ground handling and in-flight food services. These license fees, which are based on a percentage of the providers' gross revenues, decreased from \$6.2 million in FY2020 to \$3.4 million in FY2021 due to decreased activity, net of license fee waivers of \$0.6 million for in-flight food services in FY2021. As activity increased, License Fees increased to \$6.3 million in FY2022, \$8.7 million in FY2023, and \$9.8

million in FY2024. Based on anticipated increases in future passenger activity, License Fees are projected to increase to approximately \$12.0 million in FY2031.

Other Terminal Concessions

This category includes rents and fees received for advertising displays, luggage carts, ATMs, Wi-Fi service providers, security bin advertisements, and other miscellaneous sources. This revenue category decreased from \$3.9 million in FY2020 to \$1.6 million in FY2021 because of the reduction in passenger activity. These revenues increased to \$5.2 million in FY2022 as passenger activity began to recover. Other Terminal Concession revenues increased to \$5.6 million in FY2024. These revenues are projected to increase at the rate of enplanement growth and inflation to \$7.7 million in FY2031.

Cost Recovery

The Airport Authority receives cost recovery fees as reimbursement for terminal concessions program costs, including: the capital and operating costs of the Receiving and Distribution Center (RDC) located on the north side of the airfield; and marketing, storage, and other O&M Expenses related to the terminal concessions. This revenue decreased from \$4.0 million in FY2020 to \$1.7 million in FY2021. The decreases were driven by the reduction in traffic. In FY2022, FY2023, and FY2024 these revenues increased to \$4.5 million, \$4.7 million, and \$5.6 million respectively, as activity began to return. These revenues are projected to increase to \$8.3 million in FY2031 because of increased reimbursements from the larger concessions program.

4.10.13 | Parking and Ground Transportation Revenues

The Airport Authority receives revenues from the public parking lots at the Airport, ground transportation permit and trip fees from TNCs and other ground transportation users, and parking citation revenues. Parking and Ground Transportation revenues decreased from approximately \$50.8 million in FY2020 to \$27.5 million in FY2021, as a result of the reduction in passenger traffic. As passenger activity recovered, Parking and Ground Transportation revenues increased to \$57.1 million in FY2022, \$65.4 million in FY2023, and \$72.5 million in FY2024.

Parking revenue and TNC trip fees together constituted 96.9 percent of total Parking and Ground Transportation revenue in FY2024. The following paragraphs discuss the trends in these two revenue sources:

Parking revenue, which accounted for 70.1 percent of total FY2024 Parking and Ground Transportation revenue, decreased from \$36.4 million in FY2020 to \$22.2 million in FY2021. Parking revenues increased to \$44.2 million in FY2022, \$46.3 million in FY2023, and \$50.8 million in FY2024. The ratio of parking transactions per originating enplanement remained relatively consistent from FY2020 to FY2022, ranging between 0.10 and 0.11. In FY2023 and FY2024, the ratio declined to 0.08 and 0.07, most likely because of the reduced number of parking facilities and the construction at SAN. Parking revenue per originating enplanement increased from \$4.20 in FY2020 to \$4.87 in FY2021. Parking revenue per originating enplanement decreased to \$4.72 in FY2022 and \$4.15 in FY2023 before increasing to \$4.33 in FY2024. As mentioned above, the decrease is a result in the reduced amount of parking at SAN during the construction period. Parking revenue is budgeted to increase to \$55.0 million in FY2025, reflecting the expected

increase in parking transactions from the opening of the first phase of the new parking structure. Parking revenue through the remainder of the forecast period is projected to increase based on estimated increases in parking transactions per originating enplanement, plus an assumed additional increase in parking transactions in FY2026, with the full parking structure being complete. Parking revenue is projected to increase to \$74.6 million in FY2031.

TNC trip fees, which accounted for 26.8 percent of total FY2024 Parking and Ground Transportation revenue. At the beginning of FY2019, the Airport Authority set a \$3.00 TNC pick-up fee and a \$3.00 drop-off fee, and in FY2020, the pick-up and drop-off fees were each increased to \$3.50. TNC transactions per originating enplanement decreased from 0.39 in FY2020 to 0.27 in FY2021, and revenue per originating enplanement decreased from \$1.38 in FY2020 to \$0.93 in FY2021. In FY2022, the ratios of transactions and revenue per originating enplanement were 0.32 and \$1.11, respectively. In FY2023, TNC revenue per originating enplanement increased to \$1.49 and TNC transactions per originating enplanement increased to 0.39. In FY2024, TNC revenue per originating enplanement increased to \$1.66 and TNC transactions per originating enplanement increased to 0.42. These increases were driven by changing passenger preferences that most likely were the response to increased rental car prices and reduced parking at SAN. TNC revenues increased from \$4.4 million in FY2021 to \$10.8 million in FY2022 as a result of increasing air traffic activity. TNC revenues increased to \$16.6 million in FY2023, with an increase in the pick-up and drop-off fees to \$3.75. In FY2024, the Airport Authority increased the pick-up and drop-off fee to \$4.00, and as a result, the TNC revenues increased to \$19.4 million. TNC revenues throughout the remainder of the forecast period are projected based on current ratios of transactions and revenue per originating enplanement with estimated increases in the ratios with assumed future modest increases in TNC per-trip fees assumed for the revenue projections. The TNC per-trip rates are assumed to increase in FY2026 and FY2027 to \$4.50 and \$5.00 respectively. TNC revenues are projected to increase to \$27.1 million in FY2031.

Based on the assumptions described above, total Parking and Ground Transportation revenues, including Parking revenue, TNC trip fees, and other Ground Transportation revenues are projected to increase to \$105.4 million in FY2031.

4.10.14 | Ground Rental Revenues

The Airport Authority receives rentals for land parcels containing various facilities, including the RCC, FBO facilities, and facilities used by the passenger and all-cargo airlines. Ground and Non-Terminal Rentals increased from \$18.9 million in FY2020 to \$19.3 million in FY2020 and FY2021. These revenues increased in FY2022 to \$23.3 million, \$25.1 million in FY2023, and \$26.4 million in FY2024 because the Airport Authority began to recover capital costs expended for the fuel consortium and O&M Expenses incurred for the Airline Support Building (ASB). This revenue category is projected to increase by an average of 1.9 percent per year to \$30.5 million in FY2031.

4.10.15 | Other Operating Revenues

This revenue category includes curfew violation revenue, reimbursement of utility expenses, service charges, equipment rentals, non-airline remote aircraft parking fees, fingerprint revenue, and other miscellaneous revenues. These revenues decreased from \$1.5 million in FY2020 to \$1.3 million in FY2021 due to less activity. As activity recovered, these revenues increased to \$3.0

million in FY2024. Other Operating Revenues are estimated to decrease to \$2.8 million in FY2025 and \$2.4 million in FY2026. Beginning in FY2027, these revenues are projected to relatively stable growing to \$2.7 million in FY2031.

4.10.16 | Interest Income

The Airport Authority receives interest income on Airport Authority discretionary cash, promissory notes from the Port District, and the various bond funds and accounts established pursuant to the Master Senior Indenture and the Subordinate Indenture. Interest Income decreased from \$17.8 million in FY2020 to \$12.0 million in FY2021 as balances decreased. Interest income increased to \$13.7 million due to higher cash balances in FY2022. Interest Income increased to \$36.3 million in FY2023 because of the deposit of bond proceeds into the Construction Fund. Interest income increased to \$67.0 million in FY2024, as a result of high cash balances and interest rates. Interest income is projected to increase to a high of \$90.1 million in FY2025 due to the deposit of proceeds of the bond funds into the Construction Fund. Interest income will decrease through the remainder of the forecast period as funds are used for the construction of the new Terminal 1. Interest income is projected to be \$30.6 million in FY2031.

4.11 | Key Financial Indicators

This sub-section discusses the projections of the following key financial indicators: (1) the application of Revenues pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture, (2) the Airport Authority's ability to satisfy the Additional Bonds Test, as evidenced by its ability to meet the Senior Rate Covenant and the Subordinate Rate Covenant; and (3) the airline cost per enplaned passenger (CPE).

4.11.1 | Application of Revenues

The projected application of Revenues pursuant to the provisions of the Master Senior Indenture is shown on Table 31. Revenues are applied in the order shown on Figure 55.

4.11.2 | Rate Covenants

The calculations of the Senior Rate Covenant and the Subordinate Rate Covenant, presented in Table 32, reflect the projected debt service of the Senior Bonds and the Subordinate Obligations after the issuance of the Senior Series 2025 Bonds.

Under the Master Senior Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues that will satisfy all the Airport Authority's obligations under the Master Senior Indenture, and that will at least equal 125 percent of aggregate annual debt service on the outstanding Senior Bonds (the Senior Rate Covenant). Under the Master Subordinate Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues that will satisfy all the Airport Authority's obligations under the Master Subordinate Indenture, and that will at least equal 110 percent of aggregate annual debt service on the outstanding Subordinate Obligations (the Subordinate Rate Covenant).

Net Revenues are defined in the Master Senior Indenture as Revenues minus O&M Expenses. Subordinate Net Revenues are defined in the Master Subordinate Indenture as Net Revenues minus

deposits to the Debt Service Funds for the payment of debt service on the Senior Bonds and any reserve fund deposits required pursuant to the Master Senior Indenture.

Table 31 | Application of Revenues

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
Airport Revenues	\$527,347,300	\$576,350,859	\$579,430,894	\$609,091,027	\$641,772,912	\$681,928,965	\$705,705,213
Application of Airport Revenues							
Operation & Maintenance Subaccount	\$205,755,717	\$237,288,143	\$249,408,640	\$264,520,349	\$281,088,797	\$291,172,217	\$301,650,515
Senior Obligation Debt Service	4,186,282	34,631,628	37,404,798	91,196,687	130,461,150	137,489,750	145,738,000
PFCs Applied to Senior GARB Debt Service	-	(24,071,458)	(30,631,762)	(26,353,069)	(41,293,685)	(16,298,380)	(15,470,857)
Senior Debt Service net of PFCs	4,186,282	10,560,169	6,773,036	64,843,618	89,167,465	121,191,370	130,267,143
Debt Service Reserve Funds	-	-	-	-	-	-	-
Subordinate Obligation Debt Service	92,563,339	140,754,471	156,992,192	156,995,192	156,992,442	157,484,692	174,451,299
PFCs Applied to Subordinate GARB Debt Service	-	(32,467,314)	(34,781,848)	(34,783,232)	(34,781,615)	(34,779,720)	(42,601,843)
Subordinate Debt Service, net of PFCs	92,563,339	108,287,158	122,210,344	122,211,960	122,210,827	122,704,972	131,849,456
Subordinate Debt Service Reserve Funds	-	-	-	-	-	-	-
O&M Reserve Subaccount	4,197,079	7,883,106	3,030,124	3,777,927	4,142,112	2,520,855	2,619,574
Renewal and Replacement Subaccount	-	-	-	-	-	-	-
Airport Revenue Fund	220,644,883	212,332,283	198,008,749	153,737,173	145,163,711	144,339,551	139,318,525
Total Airport Revenues Applied	\$527,347,300	\$576,350,859	\$579,430,894	\$609,091,027	\$641,772,912	\$681,928,965	\$705,705,213

Source: Airport Authority records and Unison Consulting, Inc.

Table 32 | Projected Debt Service Coverage

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
Senior Bonds:							
Revenues	\$527,347,300	\$576,350,859	\$579,430,894	\$609,091,027	\$641,772,912	\$681,928,965	\$705,705,213
Minus O&M Expenses	(205,755,717)	(237,288,143)	(249,408,640)	(264,520,349)	(281,088,797)	(291,172,217)	(301,650,515)
Net O&M Expenses	(205,755,717)	(237,288,143)	(249,408,640)	(264,520,349)	(281,088,797)	(291,172,217)	(301,650,515)
Net Revenues	\$321,591,583	\$339,062,717	\$330,022,253	\$344,570,678	\$360,684,115	\$390,756,748	\$404,054,699
Senior Bonds Debt Service	\$4,186,282	\$34,631,628	\$37,404,798	\$91,196,687	\$130,461,150	\$137,489,750	\$145,738,000
Minus PFCs	-	(24,071,458)	(30,631,762)	(26,353,069)	(41,293,685)	(16,298,380)	(15,470,857)
Senior Bonds Debt Service, Net	\$4,186,282	\$10,560,169	\$6,773,036	\$64,843,618	\$89,167,465	\$121,191,370	\$130,267,143
Senior Bonds Debt Service Coverage ¹	76.82	32.11	48.73	5.31	4.05	3.22	3.10
Subordinate Bonds:							
Senior Lien Net Revenues	\$321,591,583	\$339,062,717	\$330,022,253	\$344,570,678	\$360,684,115	\$390,756,748	\$404,054,699
Minus Senior Bonds Debt Service, Net	(\$4,186,282)	(\$10,560,169)	(\$6,773,036)	(\$64,843,618)	(\$89,167,465)	(\$121,191,370)	(\$130,267,143)
Subordinate Lien Net Revenues	\$317,405,301	\$328,502,547	\$323,249,218	\$279,727,060	\$271,516,650	\$269,565,378	\$273,787,555
Subordinate Debt Service	92,563,339	140,754,471	156,992,192	156,995,192	156,992,442	157,484,692	174,451,299
Minus PFCs	-	(32,467,314)	(34,781,848)	(34,783,232)	(34,781,615)	(34,779,720)	(42,601,843)
Subordinate Debt Service, Net	92,563,339	108,287,158	122,210,344	122,211,960	122,210,827	122,704,972	131,849,456
Subordinate Debt Service Coverage	3.43	3.03	2.65	2.29	2.22	2.20	2.08
Total Debt Service, Net	\$96,749,621	\$118,847,327	\$128,983,380	\$187,055,577	\$211,378,292	\$243,896,342	\$262,116,599
Total Debt Service Coverage	3.32	2.85	2.56	1.84	1.71	1.60	1.54
Net Revenues plus PFCs and Federal Rel	\$321,591,583	\$395,601,489	\$395,435,863	\$405,706,979	\$436,759,415	\$441,834,848	\$462,127,399
Total Debt Service	96,749,621	175,386,099	194,396,990	248,191,878	287,453,592	294,974,442	320,189,299
Coverage - Revenue Method	3.32	2.26	2.03	1.63	1.52	1.50	1.44

Source: Airport Authority records and Unison Consulting, Inc.

The Airport Authority is not allocating PFCs to debt service from FY2023 through FY2025, in order to preserve its PFC capacity until later years, after the capitalized interest period ends on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds, and the Subordinate Series 2021 Bonds.

Currently, the Airport Authority plans to allocate a total of \$368.3 million in PFCs to debt service (Senior and Subordinate) in FY2026 through FY2031. The amount of PFCs applied to pay debt service on the Senior Bonds or the Subordinate Obligations reduces the debt service for purposes of the Rate Covenant calculations.

Debt service coverage calculated according to the Senior Rate Covenant is projected to equal at least 3.10 times throughout the forecast period. Debt service coverage calculated according to the Subordinate Rate Covenant is projected to equal at least 2.08 times throughout the forecast period. Therefore, the Airport Authority is projected to satisfy the coverage requirements for both the Master Senior Indenture and the Master Subordinate Indenture.

Total debt service coverage (reflecting Senior Bonds and Subordinate Obligations) is projected to remain at or above 1.54 times throughout the forecast period.

The Revenue Method Debt Service coverage is calculated by dividing the Net Revenues plus PFCs and Federal Relief funds applied to debt by the Total Debt Service (Total Debt Service, reflecting Senior Bonds and Subordinate Obligations). According to the Revenue Method, the debt service coverage is projected to remain at or above 1.44 times throughout the forecast period.

4.11.3 | PFC Cash Flow

The projected PFC cash flow is presented on Table 33. The projections assume the PFC collection level will remain at the current rate of \$4.50. PFC collections, net of the airline collection fee, are projected to increase from \$51.9 million in FY2025 to \$57.0 million in FY2031.

As discussed above, the Airport Authority did not allocate PFCs to debt service in FY2023, FY2024 or FY2025, to preserve its PFC revenues until later years, after the capitalized interest period ends on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds, and the Subordinate Series 2021 Bonds. Currently, the Airport Authority plans to allocate the following amounts to debt service: \$56.5 million in FY2026, \$65.4 million in FY2027, \$61.1 million in FY2028, \$76.1 million in FY2029, \$51.1 million in FY2030, and \$58.1 million in FY2031.

The Airport Authority plans to apply an annual amount to fund a portion of the Quieter Home Program, in the amount of \$3.1 million in FY2025, \$3.5 million per year in FY2026 and FY2027, and \$3.0 million per year from FY2028 through FY2031.

The balance in the PFC Fund is projected to decrease from \$212.6 million at the end of FY2025 to \$171.3 million in FY2031.

Table 33 | Projected PFC Cash Flow

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
PFC Collections							
Projected Enplanements	12,842,719	12,954,800	12,994,848	13,216,681	13,530,643	13,832,151	14,114,187
% Eligible	89.8%	89.8%	89.8%	89.8%	89.8%	89.8%	89.8%
PFC Eligible Enplanements	11,535,100	11,635,800	11,671,700	11,871,000	12,153,000	12,423,800	12,677,100
Gross PFC Collections							
\$4.50 Per Eligible EP	\$51,908,000	\$52,361,100	\$52,522,700	\$53,419,500	\$54,688,500	\$55,907,100	\$57,047,000
Less: Airline Collection Fee							
\$0.11 Per Eligible EP	(1,268,900)	(1,279,900)	(1,283,900)	(1,305,800)	(1,336,800)	(1,366,600)	(1,394,500)
Net PFC Collections	\$50,639,100	\$51,081,200	\$51,238,800	\$52,113,700	\$53,351,700	\$54,540,500	\$55,652,500
PFC Fund							
Beginning Balance	\$158,418,961	\$212,637,070	\$211,168,136	\$199,646,749	\$191,535,975	\$169,421,954	\$173,311,691
Net PFC Collections	50,639,100	51,081,200	51,238,800	52,113,700	53,351,700	54,540,500	55,652,500
Amounts Applied to:							
Debt Service	-	(56,538,772)	(65,413,610)	(61,136,301)	(76,075,300)	(51,078,100)	(58,072,700)
PFC Pay-Go	-	-	-	-	-	-	-
Quieter Home Program	(3,100,000)	(3,500,000)	(3,508,800)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Interest Income	6,679,009	7,488,638	6,162,223	3,911,827	3,609,579	3,427,336	3,446,497
Ending Balance	\$212,637,070	\$211,168,136	\$199,646,749	\$191,535,975	\$169,421,954	\$173,311,691	\$171,337,988

Source: Airport Authority records and Unison Consulting, Inc.

4.11.4 | Airline Cost per Enplanement

An important component of the financial feasibility report is an assessment of how the planned capital improvements and the related financings will affect airline rates and charges, as measured through the CPE. The projected CPE through FY2031 is presented on Table 34. The FY2024 CPE was \$17.11. The CPE is projected to increase due to higher airline rates and charges that occur because of the additional O&M Expenses and debt service costs, as described above. The CPE is projected to increase to \$29.43 in FY2031.

Several large hub airports reported a CPE in 2023 at or above \$25, including LAX, JFK, EWR, and ORD. A few other large hub airports that reported a CPE in the \$15 to \$20 range will likely experience an increase in CPE as they implement future capital improvements. As of 2023, the average large hub CPE is \$14.78.⁶⁵ Therefore, SAN's projected CPE reflecting the completion of the new Terminal 1 appears to be reasonable in light of industry trends.

⁶⁵ According to the FAA's CATS Report 127. The report states that data from 30 large hub commercial service airports was included.

Table 34 | Projected Airline Cost per Enplanement

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
Landing Fees	\$57,764,465	\$57,342,008	\$59,003,356	\$61,540,078	\$67,621,324	\$70,945,705	\$77,856,376
Aircraft Parking Fees	\$12,401,582	\$12,371,654	\$12,731,313	\$13,226,237	\$14,523,816	\$15,229,327	\$16,709,560
Terminal Rents	161,901,161	202,831,114	214,893,978	259,780,448	281,239,647	309,651,655	321,779,818
Incentive Fees	(2,078,912)	(2,500,000)	(2,500,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total Airline Revenue ¹	\$229,988,296	\$270,044,777	\$284,128,648	\$333,546,764	\$362,384,786	\$394,826,686	\$415,345,754
Enplanements	12,842,719	12,954,800	12,994,848	13,216,681	13,530,643	13,832,151	14,114,187
Cost Per Enplanement	\$17.91	\$20.85	\$21.86	\$25.24	\$26.78	\$28.54	\$29.43

Source: Unison Consulting, Inc.

¹ Total Airline Revenue excludes cargo landing fees and airline lounge rental fees.

4.11.5 | Sensitivity Analysis

A sensitivity analysis was prepared using the low enplanement forecast scenario presented in Section 3. The projections of the key financial variables under the sensitivity analysis, and for comparative purposes, the base enplanement forecast scenario, are summarized on Table 35. Under the low enplanement forecast scenario, the senior debt service coverage and subordinate debt service coverage will be at least 3.05 times and 2.02 times debt service, respectively, throughout the forecast period. The landing fee rate is projected to rise to a high of \$5.10 (in FY2031), and the airline cost per enplanement is projected to increase to a high of \$30.71 (in FY2031). The projected airline costs under the low enplanement forecast scenario would still be reasonable considering that the projections reflect the estimated costs of the Capital Program. Under the low forecast scenario, the PFC Fund balance is projected to equal \$154.2 million in FY2031.

Table 35 | Key Financial Projections for Sensitivity Analysis

	For Fiscal Years Ending June 30					
	2026	2027	2028	2029	2030	2031
Base Forecast						
Net Revenues	\$339,062,717	\$330,022,253	\$344,570,678	\$360,684,115	\$390,756,748	\$404,054,699
Debt Service Coverage						
Senior	32.11	48.73	5.31	4.05	3.22	3.10
Subordinate	3.03	2.65	2.29	2.22	2.20	2.08
Total	2.85	2.56	1.84	1.71	1.60	1.54
Landing Fee Rate	\$3.90	\$4.00	\$4.11	\$4.41	\$4.53	\$4.88
Airline Cost per Enplanement	\$20.85	\$21.86	\$25.24	\$26.78	\$28.54	\$29.43
PFC Fund Balance	\$211,168,136	\$199,646,749	\$191,535,975	\$169,421,954	\$173,311,691	\$171,337,988
Days Cash on Hand	959	978	955	830	680	634
Low Forecast						
Net Revenues	\$329,073,942	\$319,822,232	\$337,899,599	\$354,815,567	\$384,558,096	\$396,961,816
Debt Service Coverage						
Senior	31.16	47.22	5.21	3.98	3.17	3.05
Subordinate	2.94	2.56	2.23	2.17	2.15	2.02
Total	2.77	2.48	1.81	1.68	1.58	1.51
Landing Fee Rate	\$4.12	\$4.26	\$4.28	\$4.58	\$4.71	\$5.10
Airline Cost per Enplanement	\$22.34	\$23.37	\$26.34	\$27.80	\$29.66	\$30.71
PFC Fund Balance	\$206,696,884	\$191,788,048	\$181,361,644	\$157,123,394	\$158,743,059	\$154,181,100
Days Cash on Hand	943	963	946	822	673	626

Source: Unison Consulting, Inc.

4.12 | Summary

The following points highlight the significant findings of the financial analysis contained in this section:

- Debt service coverage calculated according to the Senior Rate Covenant is projected to equal at least 3.10 times debt service during the forecast period.
- Debt service coverage calculated according to the Subordinate Rate Covenant is projected to equal at least 2.08 times debt service during the remainder of the forecast period.
- The airline CPE is projected to remain reasonable, remaining under \$29.43 during the forecast period.
- PFC revenues are projected to increase from \$51.9 million in FY2025 to \$57.0 million in FY2031. Beginning in FY2026, the Airport Authority plans to apply PFCs to offset a portion of the annual debt service. The PFC fund balance is projected to decrease from \$158.4 million at the beginning of FY2025 to a low of \$169.4 million in FY2029 and ending the forecast period in FY2031 at \$171.3 million.

Under the low enplanement forecast scenario, senior debt service coverage and subordinate debt service coverage are projected to remain well above the minimum requirements throughout the forecast period. The airline cost per enplanement is projected to reach a high of \$30.71, and the PFC fund balance is projected to equal \$154.2 million in FY2031.



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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

FINANCIAL STATEMENTS

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2024, AND 2023**

San Diego County Regional Airport Authority Financial Statements
For the Fiscal Years Ended June 30, 2024, and 2023

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Independent Auditor's Report

To the Board of Directors
San Diego County Regional Airport Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of San Diego County Regional Airport Authority as of June 30, 2024 and the changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Prior Year Financial Statements

The financial statements of San Diego County Regional Airport Authority as of and for the year ended June 30, 2023 were audited by other auditors, who expressed an unmodified opinion on November 2, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
San Diego County Regional Airport Authority

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of San Diego County Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego County Regional Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego County Regional Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 31, 2024

Management's Discussion and Analysis (Unaudited)

For the Years Ended June 30, 2024, and 2023

INTRODUCTION

The San Diego County Regional Airport Authority (Airport Authority) was established on January 1, 2002, as an independent agency. On January 1, 2003, the operations and assets of San Diego International Airport (SDIA) transferred from the San Diego Unified Port District (District) to the Airport Authority.

The Airport Authority is a self-sustaining entity receiving most of its revenues through user fees and rents from airline and non-airline business partners operating at SDIA. Since the Airport Authority is not funded by tax revenues, accounts are maintained in an enterprise fund on the accrual basis of accounting. Under accrual accounting, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows. Users of SDIA's facilities provide most of the revenues to operate, maintain, and acquire necessary services and facilities.

SAN DIEGO INTERNATIONAL AIRPORT

History of Ownership

The public policy decision to transfer responsibility for SDIA from the District to the newly created Airport Authority emanated from recommendations made by the San Diego Regional Efficiency Commission (Commission). The Commission was established to evaluate regional governance in San Diego County and report recommended improvement measures to the California State Legislature.

Because of the significant regional consequences of airport development and operations, the Commission concluded that a regional decision-making process should address the future development of airport facilities in San Diego County. In October 2001, the enabling legislation, Assembly Bill 93 (AB 93) established the composition and jurisdiction of the Airport Authority's governing body in a manner that is designed to reflect the collective interests of the entire San Diego region.

Legislative Background

AB 93 was signed into California State law in October 2001. The AB 93 Act established the Airport Authority on January 1, 2002, as a local agency of regional government with jurisdiction throughout the County of San Diego. Subsequent legislative changes to AB 93 were introduced and passed in California Senate Bill 1896 (Act). The amendment addresses several points pertaining to the transfer of aviation employees, date of transfer, property leases, property acquisition and purchase of services from the District.

On January 1, 2008, Senate Bill 10 (SB 10), the San Diego County Regional Airport Authority Reform Act, was enacted into law expanding the responsibilities of the Airport Authority. The Airport Authority is vested with five principal responsibilities:

1. Operation of SDIA;
2. Planning and operation of any future airport that could be developed as a supplement or replacement to SDIA;
3. Development of comprehensive airport land use plans for the airports in the county;
4. Serving as the region's Airport Land Use Commission; and
5. In accordance with SB 10, preparing a Regional Aviation Strategic Plan (completed in fiscal year 2011).

San Diego County Regional Airport Authority

In August 2013, Assembly Bill 1058 was signed into law. This bill made minor clarifying and technical changes to the Airport Authority Act.

AIRPORT ACTIVITIES HIGHLIGHTS (2022-2024)

In fiscal year 2024, the Airport Authority continued to show robust growth, as most major activities performed at or above 2019 pre-pandemic levels.

The changes in the SDIA's major activities for the three years are as follows:

	FY 2024	FY 2023	FY 2022
Enplaned passengers	12,467,114	11,867,569	9,953,162
% change from prior year	5.1%	19.2%	104.8%
Total passengers	24,585,827	23,560,297	19,830,645
% change from prior year	4.4%	18.8%	104.4%
Aircraft operations	223,254	219,952	190,491
% change from prior year	1.5%	15.5%	46.5%
Freight and mail (in tons)	116,861	138,648	151,160
% change from prior year	-15.7%	-8.3%	-0.1%
Landed weight (in millions pounds)	14,401	13,869	11,764
% change from prior year	3.8%	17.9%	51.2%

Enplaned passenger traffic continued to improve from the impact of the pandemic, with an increase of 5.1 percent over fiscal year 2023. Changes in total passengers, aircraft operations and landed weight closely mirrored the improvement in enplanements. Whereas freight and mail continued a declining trend due to decreasing demand.

FINANCIAL HIGHLIGHTS

Statement of Revenues, Expenses and Changes in Net Position

The metric 'Changes in Net Position' is an indicator of whether the Airport Authority's overall financial condition has improved or deteriorated during the fiscal year. Net position saw a substantial increase of 25.9% in fiscal year 2024, following a robust 13.0% rise in fiscal year 2023, driven by the ongoing recovery in air travel.

The following is a summary of the statements of revenues, expenses, and changes in net position (in thousands):

	FY 2024	FY 2023	FY 2022
Operating revenues	\$ 399,889	\$ 360,762	\$ 315,640
Operating expenses	(314,462)	(305,926)	(291,213)
Nonoperating revenues (expenses), net	54,265	11,987	(12,874)
Capital contributions and grants	128,361	52,287	12,958
Increase in net position	268,052	119,111	24,511
Net position, beginning of year	1,033,179	914,068	889,557
Net position, end of year	\$ 1,301,232	\$ 1,033,179	\$ 914,068

San Diego County Regional Airport Authority

Operating Revenues (in thousands)

	FY 2024	FY 2023	From 2023 to 2024	
			Increase (Decrease)	% Change
Airline revenue:				
Landing fees	\$ 53,873	\$ 44,741	\$ 9,131	20.4%
Aircraft parking fees	13,612	11,189	2,423	21.7%
Building rentals	145,169	129,744	15,426	11.9%
Other aviation revenue	8,566	7,123	1,443	20.3%
Total airline revenue	221,220	192,797	28,423	14.7%
Concession revenue	79,546	75,559	3,988	5.3%
Parking and ground transportation revenue	72,484	65,415	7,069	10.8%
Ground rentals	23,416	23,257	158	0.7%
Other operating revenue	3,223	3,735	(512)	(13.7%)
Total operating revenue	\$ 399,889	\$ 360,762	\$ 39,126	10.8%

	FY 2023	FY 2022	From 2022 to 2023	
			Increase (Decrease)	% Change
Airline revenue:				
Landing fees	\$ 44,741	\$ 35,354	\$ 9,387	26.6%
Aircraft parking fees	11,189	8,856	2,333	26.3%
Building rentals	129,744	97,047	32,697	33.7%
Other aviation revenue	7,123	6,518	605	9.3%
Total airline revenue	192,797	147,775	45,022	30.5%
Concession revenue	75,559	88,138	(12,579)	(14.3%)
Parking and ground transportation revenue	65,415	57,076	8,339	14.6%
Ground rentals	23,257	19,651	3,606	18.3%
Other operating revenue	3,735	2,999	736	24.5%
Total operating revenue	\$ 360,762	\$ 315,640	\$ 45,122	14.3%

Fiscal Year 2024 compared to 2023: Total airline revenues increased \$28.4 million, or 14.7 percent, predominantly due to the reduction of \$20.7 million of pandemic era Federal Relief provided for the benefit of the airlines. In addition, there was an increase in cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers. Concessions revenue (terminal and rental car) increased \$4.0 million or 5.3 percent due to increased concessions and car rental sales due to the increase in passengers and an increase in sales per enplaned passenger, combined with a positive change in the timing of the recognition of lease revenue per GASB 87. Parking and ground transportation increased \$7.1 million or 10.8 percent due to the higher enplanements and increases in rates.

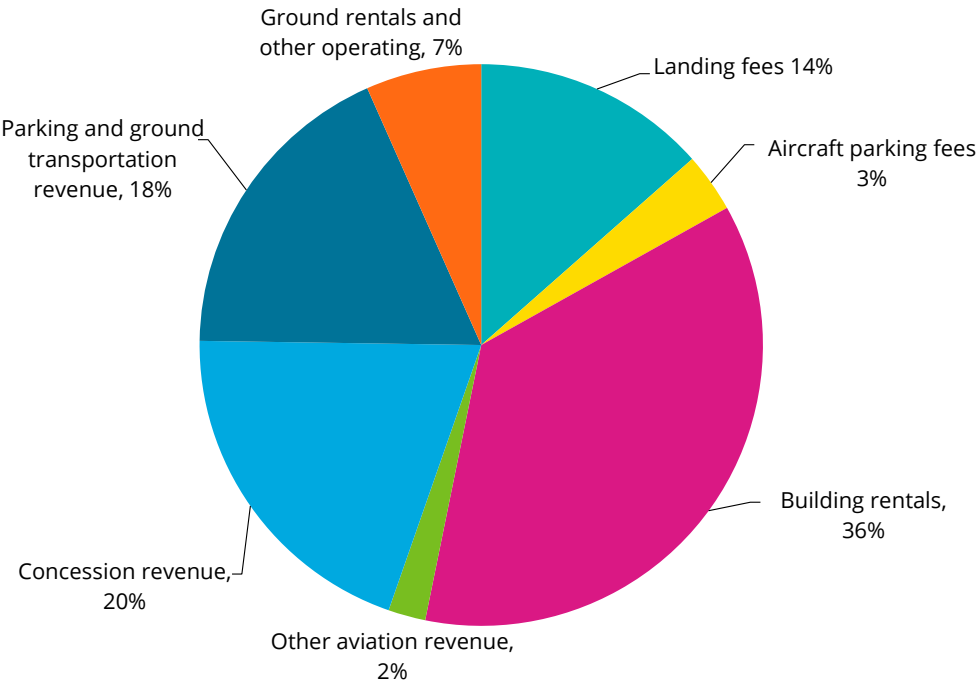
Fiscal Year 2023 compared to 2022: Total airline revenues increased \$45.0 million, or 30.5 percent, due to a planned major maintenance fund increase per the airline operating lease agreement, combined with increased cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers.

Concession revenue (terminal and rental car) decreased by \$12.6 million, or 14.3 percent, due to the timing of the recognition of lease revenue per GASB 87. The decrease is partially offset by increased concessions and car rental sales due to the increase in passengers. Parking and ground transportation revenue increased \$8.3

San Diego County Regional Airport Authority

million, or 14.6 percent, due to the increased enplanements. Ground rentals increased \$3.6 million, or 18.3 percent, due to the higher consumer price index rent increase and additions to the fuel lease from the hydrant fueling project.

Operating Revenues by Type



San Diego County Regional Airport Authority

Operating Expenses (in thousands)

	FY 2024	FY 2023	From 2023 to 2024	
			Increase (Decrease)	% Change
Salaries and benefits	\$ 57,444	\$ 51,231	\$ 6,213	12.1%
Contractual services	52,445	45,581	6,864	15.1%
Safety and security	36,778	33,043	3,735	11.3%
Space rental	467	313	153	48.8%
Utilities	19,518	17,567	1,951	11.1%
Maintenance	14,125	16,417	(2,292)	(14.0%)
Equipment and systems	544	922	(378)	(41.0%)
Materials and supplies	650	661	(11)	(1.6%)
Insurance	2,314	1,997	317	15.9%
Employee development and support	731	681	50	7.3%
Business development	2,280	1,916	364	19.0%
Equipment rentals and repairs	4,992	4,010	982	24.5%
Total operating expenses before depreciation and amortization	192,288	174,339	17,949	10.3%
Depreciation and amortization	122,175	131,586	(9,412)	(7.2%)
Total operating expense	\$ 314,462	\$ 305,926	\$ 8,537	2.8%

	FY 2023	FY 2022	From 2022 to 2023	
			Increase (Decrease)	% Change
Salaries and benefits	\$ 51,231	\$ 46,373	\$ 4,858	10.5%
Contractual services	45,581	34,491	11,090	32.2%
Safety and security	33,043	34,191	(1,148)	(3.4%)
Space rental	313	839	(526)	(62.7%)
Utilities	17,567	14,193	3,374	23.8%
Maintenance	16,417	10,747	5,670	52.8%
Equipment and systems	922	340	582	171.2%
Materials and supplies	661	496	164	33.1%
Insurance	1,997	1,741	256	14.7%
Employee development and support	681	537	144	26.8%
Business development	1,916	1,781	135	7.6%
Equipment rentals and repairs	4,010	3,472	539	15.5%
Total operating expenses before depreciation and amortization	174,339	149,201	25,138	16.8%
Depreciation and amortization	131,586	142,012	(10,425)	(7.3%)
Total operating expense	\$ 305,926	\$ 291,213	\$ 14,713	5.1%

San Diego County Regional Airport Authority

Fiscal Year 2024 compared to 2023: Total fiscal year 2024 operating expenses increased by \$8.5 million or 2.8 percent.

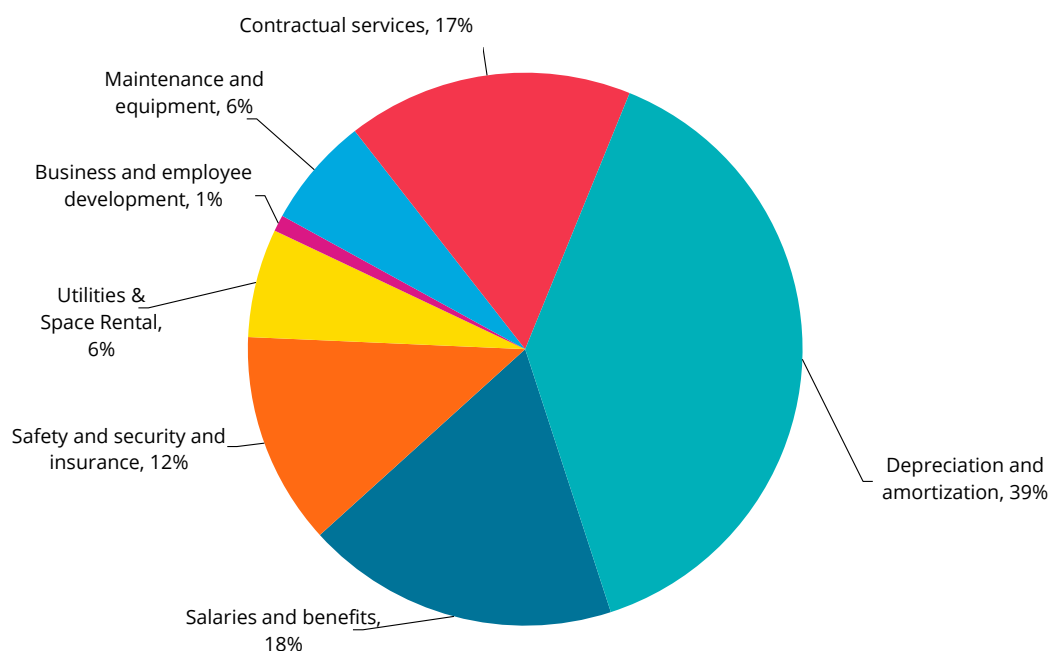
Salaries and benefits increased by \$6.2 million or 12.1 percent due to planned wage and benefit increases, higher overtime, and increased head count. Contractual services increased by \$6.9 million or 15.1 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) buses expenses due to an increase in enplanements. Safety and security increased by \$3.7 million or 11.3 percent due to increases in law enforcement, Aircraft Rescue and Fire Fighting (ARFF), emergency medical services and security inspection/guard services. Utilities increased by \$2.0 million or 11.1 percent due to increased water and electric usage and rates.

Partially offsetting the increase in operating expenses described above, maintenance expenses decreased by \$2.3 million or 14.0 percent primarily due to completion of major annual maintenance projects in FY23. Depreciation and amortization decreased by \$9.4 million or 7.2 percent as many assets became fully depreciated in the prior and current years.

Fiscal Year 2023 compared to 2022: Total fiscal year 2023 operating expenses increased by \$14.7 million or 5.1 percent. Salaries and benefits increased by \$4.9 million or 10.5 percent due to planned wage and benefit increases, higher overtime, and increased head count. Contractual services increased by \$11.1 million or 32.2 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) buses expenses due to an increase in enplanements. Utilities increased by \$3.4 million or 23.8 percent due to increased gas and electric usage and rates. Maintenance expenses increased by \$5.7 million or 52.8 percent due to an increase in annual and major maintenance.

Partially offsetting the increase in operating expenses described above, safety and security decreased by \$1.1 million or 3.4 percent because of law enforcement and guard services staff vacancies. Depreciation and amortization decreased by \$10.4 million or 7.3 percent due to disposal of assets, caused by the demolition of various capital assets necessary for the construction of the New Terminal 1.

Operating Expenses by Type



San Diego County Regional Airport Authority

Nonoperating Revenues (Expenses) (in thousands)

	FY 2024	FY 2023	From 2023 to 2024	
			Increase (Decrease)	% Change
Passenger facility charges	\$ 49,200	\$ 46,755	\$ 2,445	5.2%
Customer facility charges	35,913	34,375	1,538	4.5%
Quieter Home Program, net	(1,845)	(2,051)	206	10.0%
Other interest income	10,198	11,145	(947)	(8.5%)
Investment income (loss)	129,223	50,882	78,341	154.0%
Interest expense, net	(164,933)	(127,464)	(37,470)	(29.4%)
Other nonoperating income (expenses)	(3,490)	(1,654)	(1,835)	(111.0%)
Nonoperating revenues (expenses), net	\$ 54,265	\$ 11,987	\$ 42,278	352.7%

	FY 2023	FY 2022	From 2022 to 2023	
			Increase (Decrease)	% Change
Passenger facility charges	\$ 46,755	\$ 40,394	\$ 6,361	15.7%
Customer facility charges	34,375	30,333	4,041	13.3%
Federal Relief Grants	-	78,922	(78,922)	(100.0%)
Quieter Home Program, net	(2,051)	(2,541)	490	19.3%
Other interest income	11,145	11,893	(748)	(6.3%)
Investment income (loss)	50,882	(48,884)	99,766	204.1%
Interest expense, net	(127,464)	(109,675)	(17,789)	(16.2%)
Other nonoperating income (expenses)	(1,654)	(13,316)	11,661	87.6%
Nonoperating revenues (expenses), net	\$ 11,987	\$ (12,874)	\$ 24,861	193.1%

Passenger Facility Charges (PFCs) were established by Congress in 1990 as part of the *Aviation Safety and Capacity Expansion Act of 1990*. The Airport Authority collects a \$4.50 PFC from revenue enplaned passengers to pay for the cost to design and construct eligible Airport capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. PFCs are collected by the air carriers when passengers purchase their tickets and are remitted to the Airport Authority the month following collection less a \$0.11 administration fee.

Customer Facility Charges (CFCs) are authorized under Section 1936 of the California Civil Code and regulated under California Government Code Section 50474. The revenues collected have been used to plan and construct a consolidated rental car facility and operate the related ground transportation system. The rental car agencies utilizing the consolidated rental car facility remit to the Airport Authority collection of the fee monthly. The current CFC fee is \$9.00 per day, up to five days for rental car transactions that originate at the Rental Car Center. For car rental transactions of non-RCC tenants, the CFC rate is \$3.41 per day, up to five days for rental car transactions.

Quieter Home Program includes sound attenuation construction improvements at all eligible single-family and multi-family dwellings located in the Year 2020 65 dB Community Noise Equivalent Level contour. The project is eligible for the FAA's Airport Improvement Program (AIP) which awards grants for certain eligible Airport Authority expenditures. The \$1.8 million of expenses represents the authority's cost, net of the grant funds utilized in FY24. From inception through the end of fiscal year 2024, the Airport Authority has spent \$302.9 million and received reimbursement for \$247.8 million.

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Other Interest Income includes interest earned on lease receivables and notes receivable. For June 30, 2024, and 2023 other interest income was \$10.2 million and \$11.1 million, respectively.

Investment income (loss) is derived from interest earned by the Airport Authority on investments and includes unrealized gain (loss) on investments. For June 30, 2024, and 2023 Investment income was a gain of \$129.2 million and \$50.9 million, respectively.

Interest expense includes interest paid and accrued on bonds, variable debt, and leases. For June 30, 2024, and 2023 interest expense was \$164.9 million and \$127.5 million, respectively. The increase was due to the issuance of new bonds in October 2023.

Other nonoperating income (expense) includes proceeds and expenses for legal settlements, gain (loss) on the sale of assets and other miscellaneous revenue and expenses.

Fiscal Year 2024 compared to 2023: Nonoperating revenues (net) increased by \$42.3 million or 352.7 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by \$2.4 million or 5.2 percent, and CFCs increased by \$1.5 million or 4.5 percent. Investment income increased by \$78.3 million or 154.0 percent. Increased balances in bond funds due to issuance of new debt in October 2023 generated an additional \$15.6 million in interest earnings while increases in yields on investments added an additional \$16.7 million. Interest expense increased by \$37.5 million or 29.4 percent due to the issuance of new bonds in October 2023. Unrealized gains on investments increased by \$46.0 million during the fiscal year. Other nonoperating expenses increased by \$1.8 million or 111.0 percent, primarily due to the loss on disposal of capital assets.

Fiscal Year 2023 compared to 2022: Nonoperating revenues (net) increased by \$24.9 million or 193.1 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by \$6.4 million or 15.7 percent, and CFCs increased by \$4.0 million or 13.3 percent. Investment income increased by \$99.8 million or 204.1 percent. The increase is due to the movement of unrealized gain/loss on investments of \$72.9 million as the increase in market yields moderated significantly resulting in an unrealized gain in fiscal year 2023 of \$11.7 million compared to an unrealized loss of \$61.3 million in fiscal year 2022. Increased interest rates and higher investment balances accounted for the \$26.8 million of additional interest revenue in fiscal year 2023. Other nonoperating expenses decreased by \$11.7 million or 87.6 percent, as there was no capital asset disposal loss reported this year.

Federal Grant Contributions (in thousands)

	FY 2024	FY 2023	From 2023 to 2024	
			Increase (Decrease)	% Change
Federal grants	\$ 128,361	\$ 52,287	\$ 76,074	145.5%

	FY 2023	FY 2022	From 2022 to 2023	
			Increase (Decrease)	% Change
Federal grants	\$ 52,287	\$ 12,958	\$ 39,329	303.5%

Federal Grant Contributions are comprised of Airport Improvement Project (AIP) entitlement and discretionary grants through the Federal Aviation Administration (FAA) and other Federal and state organizations. These funds are recognized as revenue as the work is completed on the eligible projects. In fiscal year 2024, federal grant contributions increased by \$76.1 million, or 145.5 percent compared to fiscal year

San Diego County Regional Airport Authority

2023, due to an increase in grant awards and substantial New Terminal 1 construction activities funded by federal grants.

Assets, Liabilities and Net Position (in thousands)

The statements of net position present the financial position of the Airport Authority as of a period in time. The statements include all assets, deferred outflows, liabilities, deferred inflows, and net position of the Airport Authority. A summary comparison of the Airport Authority's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position as of June 30, 2024, 2023 and 2022, is as follows:

	FY 2024	FY 2023	FY 2022
Assets and Deferred Outflows of Resources			
Current assets	\$ 690,779	\$ 620,539	\$ 491,098
Capital and lease assets, net	3,661,260	2,795,855	2,284,111
Noncurrent assets	2,337,189	2,140,122	2,719,699
Total assets	6,689,229	5,556,516	5,494,907
Deferred outflows of resources	21,788	18,040	22,390
Total assets & deferred outflows of resources	6,711,017	5,574,556	5,517,297
Liabilities and Deferred Inflows of Resources			
Current liabilities	313,079	280,701	250,171
Long-term liabilities	4,733,096	3,871,111	3,947,346
Total liabilities	5,046,175	4,151,812	4,197,517
Deferred inflows of resources	363,611	389,565	405,712
Total liabilities & deferred inflows of resources	5,409,785	4,541,377	4,603,229
Net Position			
Net investment in capital assets	473,181	320,779	410,960
Restricted	266,992	228,233	172,638
Unrestricted	561,058	484,167	330,470
Total net position	\$ 1,301,232	\$ 1,033,179	\$ 914,068

As of June 30, 2024, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,301.2 million. This reflects a \$268.0 million or 25.9 percent increase in net position from June 30, 2023. The Airport Authority uses capital and lease assets to provide services to its passengers and other users of SDIA; consequently, these assets cannot be sold or otherwise liquidated. Although the Airport Authority's investment in its capital and lease assets is reported net of related debt, the funds required to repay this debt must be provided annually from operations. The unrestricted net position of \$561.1 million as of June 30, 2024, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2024, 2023, and 2022, management has designated unrestricted funds in the amount of \$104.9 million, \$16.0 million, and \$16.2 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake self-insurance, and operating contingency.

Capital Program

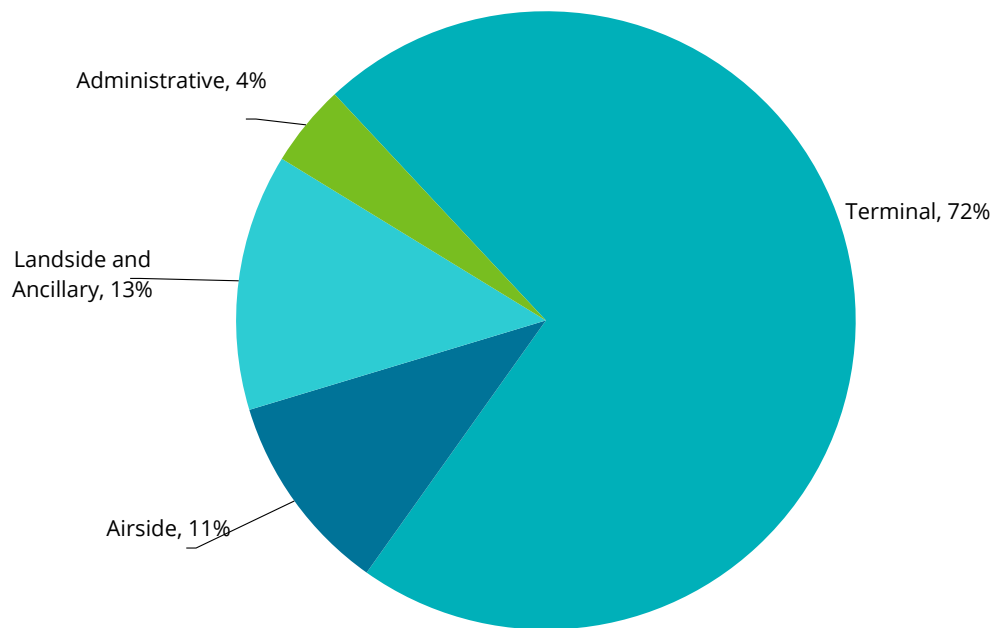
The Capital Program is a rolling five-year program that provides critical improvements and asset additions. The program includes capital projects that address federal security requirements, airfield security and refurbishment, environmental remediation, terminal upgrades, and landside development. Funding sources for the projects include the Federal Aviation Administration's Airport Improvement Program, Transportation

San Diego County Regional Airport Authority

Security Agency grants, Passenger Facility Charges, Customer Facility Charges, airport operating revenues, airport revenue bonds, special facility bonds, and short-term borrowing using revolving lines of credit.

The current Capital Program, which includes projects through 2027, consists of \$450.0 million for airside projects, \$557.8 million for landside and ancillary projects, \$3.1 billion for terminal projects, which includes the replacement of Terminal 1, and \$184.0 million for administrative projects.

Capital Program Projects by Type



Additional information about the Airport Authority's capital and lease assets can be found in Note 5 of the financial statements.

Capital Financing and Debt Management

On February 19, 2014, the Airport Authority issued \$305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest on the Series 2014 Bonds, fund deposits to the senior reserve fund, the rolling coverage fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt non-AMT term bonds that bear interest at 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent and mature in fiscal years 2019 to 2045.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to \$14.9 million and \$15.2 million, respectively, including accrued interest of \$7.4 million and \$7.6 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2024, and 2023 was \$269.0 million and \$275.7 million, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, Customer Facility Charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport

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Authority other than the Customer Facility Charges and the Bond Funding Supplemental Consideration (as defined in the Indenture), are pledged to the payment of the Series 2014 Bonds.

On August 3, 2017, the Airport Authority issued \$291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds). The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Terminal 2 Parking Plaza and the Federal Inspection Facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund \$32.6 million of the Airport Authority's outstanding variable rate debt, which was issued during 2017, fund the subordinate reserve fund and pay the cost of issuance of the subordinate Series 2017 Bonds.

The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of \$48.4 million, which is being amortized over the life of the bonds.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to \$13.1 million and \$13.3 million, respectively, including accrued interest of \$6.5 million and \$6.7 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2024, and 2023 was \$261.0 million and \$266.6 million, respectively.

On December 11, 2019, the Airport Authority issued \$338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and \$124.9 million of Series B Subordinate Airport Revenue Bonds (Series 2019 Bonds). The Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the Series 2019 Bonds, refund \$34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account to refund the 2010C bonds, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2017 Bonds.

The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of \$96.9 million, which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to \$21.6 million and \$21.9 million, respectively, including accrued interest of \$10.8 million and \$10.9 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2024, and 2023 was \$448.5 million and \$454.6 million, respectively.

The Airport Authority issued \$241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B Bonds escrow accounts to refund the 2010 A/B bonds and pay the costs of issuance of the Series 2020 Bonds.

The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of \$49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to \$9.7 million and \$10.6 million, respectively, including accrued interest of \$4.9 million and \$5.4 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2024, and 2023 was \$197.2 million and \$212.5 million, respectively.

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On December 8, 2021, the Airport Authority issued \$1,941.7 million of Series A, B and C Subordinate Airport Revenue Bonds (Series 2021 Bonds). The Series 2021 Bonds were issued to finance The New Terminal 1 development at SDIA, fund a portion of the interest accruing on the Series 2021 Bonds, fund the subordinate reserve fund, pay the costs of issuance of the Series 2021 Bonds and to refund the 2013 Series A and B bonds.

The Series 2021 A and B Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057 and were issued at a premium of \$332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to \$80.8 million and \$82.0 million, respectively, including accrued interest of \$40.1 million and \$41.0 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2024, and 2023 was \$1,875.1 million and \$1,932.0 million, respectively.

On October 25, 2023, the Airport Authority issued \$1,061.98 million of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The 2023 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, repay outstanding Subordinate Revolving Obligations, purchase a portion of the Authority's outstanding Airport Revenue Refunding bonds, Series 2021 C which were tendered, fund a portion of the interest accruing on the Series 2023 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2023 Bonds.

Interest for the fiscal year ended June 30, 2024, amounted to \$36.9 million, including accrued interest of \$27 million. The principal balance on the Series 2023 Bonds as of June 30, 2024, was \$1,061.98 million.

Interest expense on the Series 2014, 2017, 2019, 2020, 2021, and 2023 for the fiscal years ended June 30, 2024, and 2023 of \$177.0 million and \$143.0 million, respectively, was offset by bond premium amortization of \$25.9 million and \$26.7 million, respectively.

The Airport Authority leases properties from various third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. Incremental borrowing rates of 1.1 percent to 4.1 percent were used to measure lease payables. Lease liabilities recorded under lease contracts as of June 30, 2024, and 2023, were \$228.0 million and \$229.1 million, respectively.

On July 19, 2021, The Airport Authority and Bank of America agreed to a Revolving Credit Agreement for a term of three years. On July 11, 2024, the Board approved an additional three year continuation of the agreement. The Airport Authority is authorized to issue up to \$200.0 million in Subordinate Revolving Obligations. At the end of fiscal years 2024 and 2023, the Airport Authority had \$0.0 million and \$80.1 million in aggregate principal of Subordinate Revolving Obligations outstanding, respectively. These obligations were used to finance the New Terminal 1. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Additional information of the Airport Authority's long-term debt can be found in Note 6 to the financial statements.

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The SDIA PFC program was established in 1994, and currently authorizes the imposition of a \$4.50 fee on enplaning passengers. There are currently four active applications which provide the Airport Authority to impose and use PFC revenue through May 1, 2040.

FAA entitlement and discretionary grants are awarded on a federal fiscal year running October 1 through September 30. The Airport Authority has received approximately \$54.6 million in grant awards for the federal fiscal year ended September 30, 2024, as compared to \$89.3 million for 2023. Grant awards are recognized as nonoperating revenue or capital contributions as eligible expenses are incurred.

Request for Information

This financial report is designed to provide a general overview of the Airport Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the San Diego County Regional Airport Authority Accounting Department, P.O. Box 82776, San Diego, CA 92138. The Accounting Department can also be reached at (619) 400-2806. A copy of the financial report is available at www.san.org

Financial Statements

Statements of Net Position

June 30, 2024, and 2023

Assets and Deferred Outflows of Resources	2024	2023
Current Assets		
Unrestricted:		
Cash and cash equivalents (Note 2)	\$ 11,395,394	\$ 26,108,388
Investments (Note 2)	223,398,504	306,328,513
Tenant receivables, net	22,481,275	20,872,111
Grants receivable	66,093,693	19,163,746
Lease receivables, current portion (Note 3)	12,684,623	21,579,230
Partnership lease receivables, current portion (Note 3)	3,224,507	3,281,883
Note receivable, current portion (Note 4)	5,091,865	4,926,819
Other current assets	20,976,288	17,351,605
Investments designated for specific capital projects and other commitments (Note 2)	88,297,854	163,794
Total unrestricted current assets	453,644,002	419,776,089
Restricted investments with trustees (Notes 2 and 6)	237,135,154	200,762,984
Total current assets	690,779,156	620,539,073
Noncurrent Assets		
Restricted assets (Notes 2 and 6):		
Restricted investments not with trustees (Note 2)	262,690,274	202,552,633
Restricted investments with trustees (Note 2)	1,545,446,754	1,335,189,801
Passenger facility charges receivable (Note 1)	7,555,400	7,035,361
Customer facility charges receivable (Note 1)	3,602,772	3,169,514
Total restricted assets	1,819,295,200	1,547,947,309
Other noncurrent assets:		
Investments, noncurrent (Note 2)	87,179,043	184,760,091
Lease receivables, long-term portion (Note 3)	133,775,926	146,460,548
Partnership lease receivables, long-term portion (Note 3)	124,677,025	135,261,080
Note receivable, long-term portion (Note 4)	19,359,409	24,451,275
Investments designated for specific capital projects and other commitments (Note 2)	150,962,139	98,838,891
Other noncurrent assets	1,940,600	2,403,167
Total other noncurrent assets	517,894,142	592,175,051
Capital and lease assets (Note 5):		
Land, land improvements and nondepreciable assets/leases	182,113,981	182,279,198
Buildings and structures	1,946,874,381	1,884,157,140
Lease assets	240,922,204	238,768,276
Machinery and equipment	145,684,582	139,202,241
Runways, roads and parking lots	623,926,792	630,577,748
Construction in progress	1,978,692,850	1,145,357,693
Total capital and lease assets	5,118,214,790	4,220,342,295
Less accumulated depreciation and amortization	(1,456,954,783)	(1,424,487,252)
Capital and lease assets, net	3,661,260,007	2,795,855,043
Total noncurrent assets	5,998,449,349	4,935,977,403
Total assets	6,689,228,505	5,556,516,476
Deferred outflows of resources:		
Pensions (Note 7 and 8)	15,675,611	12,162,436
OPEB (Note 11)	6,112,831	5,877,459
Total deferred outflows of resources	21,788,442	18,039,895
Total assets and deferred outflows of resources	6,711,016,947	5,574,556,372

See Notes to Financial Statements.

(Continued)

San Diego County Regional Airport Authority

Statements of Net Position

June 30, 2024, and 2023 (continued)

Liabilities, Deferred Inflows of Resources and Net Position	2024	2023
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	11,855,823	3,699,871
Accrued liabilities	40,269,823	51,830,325
Compensated absences, current portion (Note 6)	3,979,522	3,750,891
Other current liabilities	15,771,809	16,591,374
Lease and subscription liabilities, current portion (Note 6)	3,641,649	3,677,515
Long-term debt, current portion (Note 6)	424,940	387,928
Total payable from unrestricted assets	75,943,566	79,937,904
Payable from restricted assets:		
Accounts payable	6,543,110	9,179,789
Accrued liabilities	83,970,013	69,749,979
Long-term debt, current portion (Note 6)	49,775,000	50,055,000
Accrued interest on variable rate debt and bonds (Note 6)	96,847,031	71,778,216
Total payable from restricted assets	237,135,154	200,762,984
Total current liabilities	313,078,720	280,700,888
Long-Term Liabilities		
Compensated absences, net of current portion (Note 6)	1,294,194	1,343,480
Other noncurrent liabilities	1,529,455	647,536
Lease and subscription liabilities, long-term portion (Note 6)	224,363,516	225,503,027
Long-term debt, net of current portion (Note 6)	4,494,329,905	3,635,975,207
Net pension liability (Note 7 and 8)	11,205,430	7,197,809
Net OPEB liability (Note 11)	373,345	444,406
Total long-term liabilities	4,733,095,845	3,871,111,466
Total liabilities	5,046,174,565	4,151,812,354
Deferred inflows of resources		
Pensions (Note 7 and 8)	2,579,580	4,749,968
OPEB (Note 11)	2,252,387	1,653,747
Gain on refunding	17,621,969	9,440,839
Leases (Note 3)	130,610,304	147,922,470
Partnership leases (Note 3)	210,546,494	225,797,623
Total deferred inflows of resources	363,610,733	389,564,647
Total liabilities and deferred inflows of resources	5,409,785,298	4,541,377,001
Net Position		
Net investment in capital assets	473,181,264	320,779,139
Restricted:		
Debt Service	46,534,895	67,075,020
Construction	195,355,745	141,003,071
Operation and maintenance expenses	22,879,023	17,932,678
Small business bond guarantee	2,222,300	2,222,300
Total restricted net position	266,991,964	228,233,070
Unrestricted net position	561,058,421	484,167,162
Total net position	\$ 1,301,231,649	\$ 1,033,179,370

See Notes to Financial Statements.

San Diego County Regional Airport Authority

Statements of Revenues, Expenses and Changes in Net Position For the Fiscal Years Ended June 30, 2024, and 2023

	2024	2023
Operating revenues:		
Airline revenue:		
Landing fees	\$ 53,872,890	\$ 44,741,469
Aircraft parking fees	13,612,115	11,188,756
Building rentals	145,169,422	129,743,693
Other aviation revenue	8,565,776	7,123,044
Concession revenue	79,546,483	75,558,792
Parking and ground transportation revenue	72,483,690	65,414,598
Ground and non-airline terminal rentals	23,415,604	23,257,118
Other operating revenue	3,222,526	3,734,823
Total operating revenues	399,888,507	360,762,294
Operating expenses before depreciation and amortization:		
Salaries and benefits (Notes 6, 7, 8 and 9)	57,443,969	51,230,961
Contractual services (Note 13)	52,444,843	45,580,643
Safety and security	36,777,849	33,042,629
Space rental	466,604	313,483
Utilities	19,518,127	17,567,259
Maintenance	14,125,325	16,417,015
Equipment and systems	544,183	921,761
Materials and supplies	649,954	660,733
Insurance	2,313,614	1,996,788
Employee development and support	731,129	681,446
Business development	2,279,873	1,916,108
Equipment rentals and repairs	4,992,262	4,010,388
Total operating expenses before depreciation and amortization	192,287,734	174,339,213
Income from operations before depreciation and amortization	207,600,774	186,423,081
Depreciation and amortization expense	122,174,556	131,586,318
Operating income	\$ 85,426,218	\$ 54,836,763

See Notes to Financial Statements.

(Continued)

Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2024, and 2023 (continued)

	2024	2023
Nonoperating revenues (expenses):		
Passenger facility charges	\$ 49,199,510	\$ 46,754,727
Customer facility charges	35,912,592	34,374,844
Quieter Home Program grant revenue (Note 1)	19,519,516	19,023,947
Quieter Home Program expenses (Note 1)	(21,364,762)	(21,075,144)
Other Interest Income	10,198,358	11,145,007
Investment income (loss)	129,222,692	50,881,687
Interest expense (Note 6)	(164,933,379)	(127,463,755)
Other revenues (expenses), net	(3,489,563)	(1,654,133)
Nonoperating revenues (expenses), net	54,264,964	11,987,180
Income before capital contributions	139,691,182	66,823,943
Capital contributions (Note 1)	128,361,097	52,287,087
Change in net position	268,052,278	119,111,030
Net position, beginning of year, as restated	1,033,179,370	914,068,340
Net position, end of year	\$ 1,301,231,649	\$ 1,033,179,370

See Notes to Financial Statements.

San Diego County Regional Airport Authority

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2024, and 2023

	2024	2023
Cash Flows From Operating Activities		
Receipts from customers	\$ 393,894,618	\$ 362,504,812
Payments to suppliers	(141,632,160)	(131,131,930)
Payments to employees	(60,061,473)	(54,368,079)
Other receipts (payments)	3,681,991	5,334,097
Net cash provided by operating activities	195,882,976	182,338,900
Cash Flows From Noncapital Financing Activities		
Other nonoperating receipts (payments)	1,322,229	(1,410,930)
Settlement receipts (payments)	266,041	(243,203)
Quieter Home Program grant receipts	18,552,759	20,850,254
Quieter Home Program payments	(21,364,762)	(21,075,144)
Net cash used in noncapital financing activities	(1,223,733)	(1,879,024)
Cash Flows From Capital and Related Financing Activities		
Capital outlay	(980,192,079)	(597,490,633)
Other interest income	10,198,358	11,145,007
Federal grants received (excluding Quieter Home Program)	82,397,907	56,758,390
Proceeds from passenger facility charges	48,679,470	43,904,820
Proceeds from customer facility charges	35,479,334	34,090,188
Payment of principal on bonds and commercial paper	(50,055,000)	(40,360,000)
Proceeds from issuance of Series 2023 Bonds	934,421,739	-
Payment on note payable	(387,927)	(354,139)
Interest and debt fees paid	(157,550,535)	(160,704,536)
Net cash used in capital and related financing activities	(77,008,734)	(653,010,901)
Cash Flows From Investing Activities		
Sales and maturities of investments	3,225,914,153	1,766,632,823
Purchases of investments	(3,434,769,079)	(1,322,506,966)
Interest received on investments and note receivable	71,564,604	39,205,993
Principal payments received on notes receivable	4,926,819	4,766,887
Net cash provided by (used in) investing activities	(132,363,503)	488,098,736
Net decrease in cash and cash equivalents	(14,712,994)	15,547,711
Cash and cash equivalents, beginning of year	26,108,388	10,560,677
Cash and cash equivalents, end of year	\$ 11,395,394	\$ 26,108,388

See Notes to Financial Statements.

(Continued)

San Diego County Regional Airport Authority

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2024, and 2023 (continued)

	2024	2023
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 85,426,218	\$ 54,836,763
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	122,174,556	131,586,318
Change in pensions/OPEB liability/asset	3,936,560	18,621,297
Change in deferred outflows related to pensions/OPEB	(3,748,547)	4,350,147
Change in deferred inflows related to pensions/OPEB	(1,571,748)	(25,755,740)
Change in deferred inflows related to leases	(17,312,167)	(20,141,904)
Change in deferred inflows related to partnership leases	(15,251,130)	6,116,521
Changes in assets and liabilities:		
Receivables, net	(1,609,164)	1,912,709
Other assets	(3,162,116)	(5,463,173)
Accounts payable	8,155,952	(3,626,258)
Accrued liabilities	(11,560,502)	5,858,235
Compensated absences	179,344	40,293
Lease receivables	32,220,662	15,500,666
Other liabilities	(1,994,941)	(1,496,975)
Net cash provided by operating activities	\$ 195,882,976	\$ 182,338,900
Noncash investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	\$ 90,513,123	\$ 78,929,768
Capital assets (and related deferred inflow) contributed by operator	-	24,136,838
Unrealized gain (loss) on investments	57,658,088	11,675,694
Noncash Investing activities related to Series 2023 Bond Issuance		
Series 2023 principal additions	(136,399,915)	-
Series 2023A bond discount recorded	9,890,516	-
Series 2023B bond premium recorded	(2,867,254)	-
Refunding of Series 2021C bond principal	40,435,000	-
Deferred refunding gain on Series 2021C bond principal	8,841,654	-
Refunding of revolving letter of credit	80,100,000	-

See Notes to Financial Statements.

Notes to Financial Statements

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity: The San Diego County Regional Airport Authority (the Airport Authority), an autonomous public agency, was established in accordance with, Assembly Bill 93 (2001), as modified by Senate Bill 1896 (2002), which together comprise the *San Diego County Regional Airport Authority Act* (the Act). The Act required, among other things, the transfer of the assets and operations of the San Diego International Airport (SDIA) from the San Diego Unified Port District (the District) to the Airport Authority. Effective January 1, 2003 (inception), the District transferred all airport operations and certain related assets and liabilities to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated as of January 1, 2002, between the Airport Authority and the District, which implemented the Act.

Senate Bill 10 (SB 10), the *San Diego County Regional Airport Authority Reform Act*, was effective January 1, 2008. Responsibilities of the Airport Authority include, among other things, the operation, maintenance, development, management, and regulation of SDIA and its facilities. In addition, the Airport Authority has the responsibility to plan or to expand the existing SDIA. Under one of the requirements of SB 10, the Airport Authority completed a Regional Aviation Strategic Plan and the Airport Authority prepared and adopted an Airport Multimodal Accessibility Plan. In addition, the Airport Authority acts as the Airport Land Use Commission within San Diego County.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements should include all organizations, agencies, boards, commissions, and authorities for which the Airport Authority is financially accountable. The Airport Authority has also considered all other potential organizations for which the nature and significance of their relationships with the Airport Authority are such that exclusion would cause the Airport Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

The Airport Authority is governed by a nine-member, appointed Board of Directors (Board), representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members are appointed by the Mayor of the City of San Diego (the City). Two Board members are appointed by the San Diego County Board of Supervisors. The remaining four Board members are each appointed by the mayors of the following defined jurisdictions: the east county cities, south county cities, north coastal area cities and north county inland cities. The Board members serve three-year terms in accordance with California SB 10.

Measurement focus and basis of accounting: The accounting policies of the Airport Authority conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies, and as such, the Airport Authority is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of the change in Airport Authority net position.

Use of estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred

San Diego County Regional Airport Authority

inflows of resources, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of the statements of cash flows, cash and cash equivalents includes unrestricted (including designated) cash on hand, demand deposits, and investment securities with original maturities of three months or less from the date of acquisition.

Investments: Investments in the state and county investment pools are recorded at net asset value and money market mutual funds and non-negotiable certificates of deposit are recorded at amortized cost. All other investments are stated at fair value based on quoted market prices.

Tenant receivables: Tenant receivables are carried at the original invoice amount for fixed-rent tenants and at estimated invoice amount for concession (variable) tenants, less an estimate made for doubtful receivables for both fixed-rent and concession tenants. Management determines the allowance for doubtful accounts by evaluating individual tenant receivables and considering a tenant's financial condition and credit history and current economic conditions. Tenant receivables are written off when deemed uncollectible. Recoveries of tenant receivables previously written off are recorded when received.

Federal grants: Outlays for airport capital improvements and certain airport nonoperating expenses, primarily those relating to the Airport Authority's Quieter Home Program, are subject to reimbursement from federal grant programs. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

Airport Improvement Program (AIP) Grants are authorized and disbursed by the FAA under the *Airway Improvement Act of 1982*, as amended, which provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems. As such, the AIP grants must be used to pay for the allowable costs of approved projects. As of June 30, 2024, and 2023, the Airport Authority recovered \$128.4 million and \$52.3 million, respectively, for approved capital projects; and \$19.5 million and \$19.0 million, respectively, for the Quieter Home Program.

Passenger facility charges (PFC): The PFC program is authorized by the *Aviation Safety and Capacity Expansion Act of 1990* (the Expansion Act). In accordance with the Expansion Act, the Airport Authority's AIP Passenger Entitlement Apportionment is reduced by certain percentages, dependent upon the level of PFC received by the Airport Authority.

In accordance with the program, PFC revenue must be used to pay allowable costs for approved capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. As of June 30, 2024, and 2023, accrued PFC receivables totaled \$7.6 million and \$7.0 million respectively, and there were \$158.4 million and \$105.6 million PFC amounts collected but not yet applied for approved capital projects as of June 30, 2024, and 2023, respectively.

On May 20, 2003, the FAA approved an increase in the Airport Authority's PFC charge per enplaned passenger from \$3.00 to \$4.50, beginning August 2003. Currently, there are four active applications that allow the Airport Authority to impose and use \$1.2 billion in PFC revenue through April 2040.

The latest application was approved by the FAA in February 2019 (as amended in August 2020) providing collection authority with a charge effective date through April 2040. In accordance with the Aviation Investment

San Diego County Regional Airport Authority

Reform Act (AIR-21), airports imposing a \$4.50 collection level are required to reduce AIP Passenger Entitlement Apportionment to 75 percent.

Customer facility charges (CFC): The Airport Authority received approval in May 2009 from the State of California under Section 1936 of the California Civil Code to impose a \$10.00 CFC per contract on rental cars at SDIA.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operate the related ground transportation system. The current CFC rate, which has been in effect since January 1, 2017, is \$9.00 per day for a maximum of five days. As of June 30, 2024, and 2023, accrued CFC receivables totaled \$3.6 million and \$3.2 million, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2024, and 2023, were \$25.8 million, and \$25.1 million, respectively.

Deferred Outflows/Inflows of Resources: In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods, and as such will not be recognized as flows of resources (expenses/revenues) until then.

- Employer Contributions – Pensions and OPEB– These contributions are those made after the measurement date through the fiscal year end (July 1st – June 30th) resulting in a cash outlay not yet recognized under GASB 68 or GASB 75. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.
- Investment difference – Pensions and OPEB – These amounts represent the difference in projected and actual earnings on pension/OPEB plan assets. These differences are deferred and amortized over a closed five-year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.
- Experience difference – Pensions and OPEB – These amounts represent the difference in expected and actual pension/OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Assumption changes – Pensions and OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension/OPEB liability/asset. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Debt Refunding - These amounts represent the gain or loss from the refunding of debt. These differences are deferred and recognized as interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Leases and Partnership Leases – Represents the initial value of lease receivable under GASB 87 and GASB 94 systematically reduced and recognized as lease revenue over the term of the lease.

Capital, lease, and subscription assets: Capital assets are recorded at cost, except for capital assets contributed by third parties, which are recorded at acquisition value as of the date of acquisition. The Airport Authority capitalizes incremental overhead costs associated with the construction of capital assets. Capital

San Diego County Regional Airport Authority

assets are defined by the Airport Authority as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

Lease and subscription based technology assets are initially recorded as the sum of 1) the amount of the initial measurement of the lease or subscription liability, 2) lease or subscription payments made at or before the commencement of the term, less any incentives received from the vendor at or before the commencement of the term, 3) initial direct costs that are ancillary charges necessary to place the asset into service. Lease and subscription assets are amortized on a straight-line basis over the shorter of the term or useful life of the underlying asset.

The Airport Authority recognizes lessee-financed improvements as capital assets based upon the asset's estimated value at the time the asset reverts to the Airport Authority.

Depreciation is computed by use of the straight-line method over the following estimated useful lives:

Asset Category	Useful Life (Years)
Land improvements	30-40
Runways, roadways and parking lots	
Lighting, security and minor improvements	3-10
Airfield and parking lots and improvements	12-25
Drainage systems, gas lines, pedestrian bridges	30
Roadways, bridges and infrastructure	40-50
Buildings and structures	
Passenger loading bridges, security systems, general upgrades and remodels	3-10
Baggage handling systems, HVAC, structural improvements, fuel and storage facility	12-20
Buildings and smart curb improvements	25-50
Machinery and equipment	
Vehicles and emergency vehicles	3-15
Office furniture and equipment	3-10
Communication and electronic systems	3-20
Works of art	15-30

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed. The Airport Authority no longer capitalizes interest due to the adoption of GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* that eliminated the requirement to capitalize interest.

Capital asset impairment: The Airport Authority's capital assets include property, equipment, and infrastructure assets. A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. The Airport Authority evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Common indicators of impairment include evidence of physical damage where restoration efforts are needed to restore service utility, enactment or approval of laws or regulations setting standards that the capital asset would not be able to meet, technological development or evidence of obsolescence, a change in the manner or expected duration of use of a capital asset or construction stoppage. The Airport Authority reports the effects of capital asset impairments in its financial statements when they occur and accounts for insurance recoveries in the same

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manner. The Airport Authority's management has determined that no impairments of capital assets currently exist.

Retentions payable: The Airport Authority enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the Airport Authority. The Airport Authority's policy is to record the retention payable only after completion of the work and acceptance of the contractor invoices have occurred. Retentions payable on completed contracts are included with accounts payable on the accompanying statements of net position. Amounts related to unpaid retentions on uncompleted contracts are included in accrued liabilities.

Compensated absences: All employees of the Airport Authority earn annual leave that is paid upon termination or retirement. Annual leave is accrued at current rates of compensation and based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Bond discounts, premiums, and issuance costs: Bond discounts and premiums are deferred and amortized over the term of the respective bonds using the effective interest method. Bond issuance costs are expensed as incurred.

Airport Authority net position: Net investment in capital assets consists of capital and lease assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets includes unspent debt proceeds.

Restricted net position represents amounts that are appropriated or legally segregated for a specific purpose. The Airport Authority's net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Airport Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Unrestricted net position as of June 30, 2024, and 2023 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2024	2023
Operating contingency	\$ 2,000,000	\$ 2,000,000
Insurance contingency	14,559,942	13,839,942
Capital projects and other commitments	88,297,854	163,794
Total designated net position	\$ 104,857,796	\$ 16,003,736

When both restricted and unrestricted resources are available for use, it is the Airport Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

Revenue and expense recognition: Revenues from airlines, concessionaires, lessees, and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

Concentrations: A significant portion of the Airport Authority's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines. The Airport Authority's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations and should the Airport Authority be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers.

San Diego County Regional Airport Authority

The five largest airlines in terms of enplaned passengers are as follows:

	2024	2023
Southwest Airlines	32.8%	35.3%
Alaska Airlines	16.2%	16.4%
United Airlines	13.0%	12.3%
Delta Airlines	12.8%	12.2%
American Airlines	11.8%	10.8%

Defined Benefit Pension Plan: The Airport Authority has a single-employer defined benefit pension plan (Plan) administered through San Diego City Employee Retirement System (SDCERS). For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additionally, the Airport Authority has a single-employer defined benefit preservation of benefit pension plan administered through SDCERS. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Plan: The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan funds are managed by California Public Employees Retirement System (CalPERS) under the California Employer's Retiree Benefit Trust (CERBT) fund. For purposes of measuring the net OPEB liability (asset), deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accounting pronouncements adopted: The Airport Authority has adopted and implemented the following GASB statements during the year ended June 30, 2024:

- GASB Statement No. 99, *Omnibus 2022*, effective for the Airport Authority's year ending June 30, 2024.
- GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the Airport Authority's year ending June 30, 2024.

Accounting pronouncements issued but not yet adopted: GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Airport Authority:

- GASB Statement No. 101, *Compensated Absences*, effective for the Airport Authority's year ending June 30, 2025.
- GASB Statement No. 102, *Certain Risk Disclosures*, effective for the Airport Authority's year ending June 30, 2025.

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- GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the Airport Authority's year ending June 30, 2026.

Reclassifications: Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation. The reclassifications had no effect on the changes in net position.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Summary of Cash, Cash Equivalents, and Investments: Cash, cash equivalents and investments are reported in the accompanying statements of net position as follows at June 30:

	2024	2023
Unrestricted and Undesignated:		
Cash and cash equivalents	\$ 11,395,394	\$ 26,108,388
Current investments	223,398,504	306,328,513
Noncurrent investments	87,179,043	184,760,091
Total unrestricted and undesignated	321,972,941	517,196,992
Designated for specific capital projects and other commitments:		
Current investments	88,297,854	163,794
Noncurrent investments	150,962,139	98,838,891
Total designated	239,259,992	99,002,685
Restricted:		
Current investments, with trustees	237,135,154	200,762,984
Noncurrent investments, not with trustees	262,690,274	202,552,633
Noncurrent investments, with trustees	1,545,446,754	1,335,189,801
Total restricted investments	2,045,272,182	1,738,505,419
Total cash, cash equivalents and investments	\$ 2,606,505,115	\$ 2,354,705,095

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The components of restricted cash, cash equivalents and investments at June 30, are summarized below:

	2024	2023
Restricted investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	\$ 47,991,378	\$ 46,342,596
Operation and maintenance subaccount	22,879,023	17,932,678
Renewal and replacement account	5,400,000	5,400,000
Total bonds reserves	76,270,401	69,675,274
Passenger facility charges unapplied	158,418,961	105,594,340
Customer facility charges unapplied	25,778,612	25,203,857
Small business development bond guarantee	2,222,300	2,222,300
2013 Series debt service account	171	167
2013 Series debt service reserve fund	26	63
2014 Renew and Replace	16,653,598	14,281,747
2014 Rolling coverage fund	7,565,169	7,312,430
2014 Series debt service account	14,622,861	14,280,456
2014 Series debt service reserve fund	23,184,057	22,286,987
2017 Series debt service account	12,684,639	12,458,985
2017 Series debt service reserve fund	15,350,424	14,937,220
2019 Series CAP Interest Fund	57	(48,285)
2019 Series Construction Fund	17,164,583	24,931,842
2019 Series Debt Services Account	17,612,795	17,330,104
2019 Series Debt Services Reserve Fund	30,578,906	29,650,952
2020 Series Debt Services Account	21,421,030	20,904,314
2020 Series Debt Services Reserve Fund	31,916,591	30,538,478
2021 Series CAP Interest Fund	103,154,587	167,474,239
2021 Series Construction Fund	370,387,083	1,025,900,425
2021 Series Debt Services Reserve Fund	112,347,764	110,509,757
2021 Series Revolving Construction Fund	0	1,017,524
2021 Series Debt Services Account	20,655,558	22,042,241
2023 Series CAP Interest Fund	81,799,209	-
2023 Series Construction Fund	808,385,736	-
2023 Series Cost of Issuance	71,481	-
2023 Series Debt Services Reserve Fund	74,032,088	-
2023 Series Debt Services Account	2,993,492	-
Total restricted investments	\$ 2,045,272,182	\$ 1,738,505,419

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Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy: The table that follows identifies the investment types that are authorized by the Airport Authority's investment policy and State Government Code. The table also identifies certain provisions of the Airport Authority's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Airport Authority, in addition to the general provisions of the Airport Authority's investment policy and State Government Code.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	N/A	None	None
U.S. agency securities	5 years	N/A	None	None
Non-U.S. Securities	5 years	AA	30 percent	10 percent
Bankers' acceptances	180 days	AAA/Aaa	40 percent	5 percent
Commercial paper	270 days	A-1; P-1; F-1	25 percent	5 percent
Negotiable certificates of deposit	5 years	A	30 percent	5 percent
Medium-term notes	5 years	A	20 percent	5 percent
Money market mutual funds	N/A	AAA/Aaa	20 percent	5 percent
Repurchase agreements	1 year	A	None	None
Local Agency Investment Fund	N/A	N/A	None	\$75 million
San Diego County Investment Pool	N/A	N/A	None	\$75 million
Local Government Investment Pool	N/A	N/A	None	\$75 million
U.S. State and California agency	5 years	A	20 percent	5 percent
Placement service certificates of deposits	3 years	N/A	30 percent	5 percent
Time certificates of deposit	3 years	*	20 percent	5 percent
Bank deposits	N/A	*	None	None
Asset-Backed Securities	5 years	AA	10 Percent	5 percent
Mortgage Backed Securities	5 years	AA	10 Percent	5 percent
Mortgage Pass-through Securities	5 years	AA	10 Percent	5 percent
Collateralized Mortgage Obligation	5 years	AA	10 Percent	5 percent

* Financial institution must have at least an overall satisfactory rating under the *Community Reinvestment Act* for meeting the credit needs of California communities in its most recent evaluation. Collateralization required per Cal. Gov. Code Section 53630 et seq.

Investments in state and county investment pools: The Airport Authority is a voluntary participant in the Local Agency Investment Fund (LAIF), the Investment Trust of California (CalTRUST), and the San Diego County Investment Pool (SDCIP). The Airport Authority's investments in these pools are reported in the accompanying financial statements at fair value based on the Airport Authority's pro rata share of the net asset value (in accordance with GASB Statement No. 72) provided by the respective pools for the entire pool portfolio (in relation to the net asset value of that portfolio). The balance available for withdrawal is based on the accounting records maintained by each pool. None of these funds are subject to significant withdrawal restrictions, limitations on redemptions, there are no redemption notice periods, nor are there any unfunded commitments.

Investments authorized by debt agreements: Investments held by the bond trustee are governed by the provisions of the debt agreement, in addition to the general provisions of the California Government Code and the Airport Authority's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee, according to the Master Trust Indenture. In the event of a conflict

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between the Airport Authority's investment policy and permitted investments associated with any Airport Authority debt issuance, the debt agreement shall control. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of credit risk.

Investments in money market mutual funds: The Authority invests in various money market mutual funds. The money market mutual funds are valued at amortized cost. There are no limitations or restrictions on withdrawals for these funds.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	None	N/A	None	None
U.S. agency securities	None	N/A	None	None
State Obligations	None	AAA/Aaa	None	None
Commercial paper	None	A-1; P-1; F-1	None	None
Negotiable certificates of deposit	None	AAA/Aaa	None	None
Long term and Medium-term notes	None	ratings	None	None
Money market mutual funds	None	ratings	None	None
Municipal bonds	None	ratings	None	None
Repurchase agreements	None	BBB*	None	None
Investment agreements	None	N/A	None	None
Local Agency Investment Fund	None	N/A	None	None
San Diego County Investment Pool	None	N/A	None	None
Deposit accounts	None	N/A	None	None

Any other investment which is a permitted investment of the Authority in accordance with the laws of the State.

*Investment requires collateralization

The primary objective of the Airport Authority's investment policy is 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 Airport Authority. Assets of the Airport Authority that are not bond proceeds, which are invested in securities as permitted in the bond indenture, are described in the preceding table. In addition, there are various credit criteria as defined in the Airport Authority's investment policy as depicted in the previous section entitled "Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy."

Investments held by Trustee: The Airport Authority has monies held by trustees pledged for the security and payment of certain debt instruments, the payment of bond interest during construction and the payment of capital project costs.

Disclosures related to interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater fair value sensitivity to changes in market interest rates. One of the ways the Airport Authority manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities. These staggered maturities also provide consistent cash flow and fulfill liquidity needs for operations. The Airport Authority monitors interest rate risk inherent in its portfolio by measuring the segmented time distribution of its portfolio. The Airport Authority has no specific limitations with respect to this metric.

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Custodial credit risk (deposits): Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Airport Authority maintains deposits at several institutions in order to minimize custodial credit risk. These deposits are collateralized by various instruments such as U.S. government securities (guaranteed) or U.S. agency securities (government sponsored). California Government Code requires that a financial institution secure deposits made by a state or local government by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Airport Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first \$250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement. Certificates of deposit held by the Airport Authority's third-party custodians are fully insured by the FDIC, as the individual amounts do not exceed the FDIC-insured limits or are collateralized in accordance with the California Government Code.

Custodial credit risk (investments): Custodial credit risk for investments is the risk that the Airport Authority will not be able to recover the value of its investments in the event of a counterparty failure. The Airport Authority uses third-party banks' custody and safekeeping services for its registered investment securities. Securities are held in custody at third-party banks registered in the name of the Airport Authority and are segregated from securities owned by those institutions or held in custody by those institutions.

Disclosures related to credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. California Government Code Section 53601 (as referenced previously in this note) limits the types of investment instruments that may be purchased by the Airport Authority.

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The maturity ranges and credit ratings for the Airport Authority's investment securities as of June 30 are presented in the following tables:

Investment Type	2024				
	Total	Investment Maturities (in Years)			Ratings
		0-1	1-2	2-5	
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	\$ 311,471,011	\$ 63,462,205	\$ 97,054,062	\$ 150,954,744	AAA
U.S. Agency securities	209,476,365	69,574,423	23,747,826	116,154,116	AAA
Non-U.S. Securities	19,480,989	5,438,488	-	14,042,501	AAA
Medium-term notes	16,740,227	6,880,166	4,876,023	4,984,038	AAA
Medium-term notes	14,909,481	-	1,987,371	12,922,110	AA
Medium-term notes	25,295,528	11,688,296	6,687,262	6,919,971	AA-
Medium-term notes	39,977,746	9,342,545	10,414,148	20,221,053	A+
Medium-term notes	15,597,331	13,732,011	-	1,865,320	A
Negotiable Certificates of deposit	2,223,000	2,223,000	-	-	Not rated
Money market mutual funds	515,656,295	515,656,295	-	-	AAA
Local Agency Investment Fund	69,182,101	69,182,101	-	-	Not rated
San Diego County Investment Pool	165,233,413	165,233,413	-	-	AAA
San Diego County Inv. Pool-Treasury	1,147,318,734	1,147,318,734	-	-	AAA
CalTrust Fund	43,283,361	43,283,361	-	-	AA
Total investments subject to credit and interest rate risk:	2,595,845,583	2,123,015,039	144,766,692	328,063,852	
Total Investments	<u>\$ 2,595,845,583</u>				

Investment Type	2023				
	Total	Investment Maturities (in Years)			Ratings
		0-1	1-2	2-5	
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	\$ 305,723,741	\$ 39,870,579	\$ 61,119,416	\$ 204,733,746	AA+
U.S. Agency securities	154,823,563	56,917,351	67,553,552	30,352,660	AA+
U.S. Agency securities	15,421,257	11,719,819	-	3,701,438	A-1+
U.S. Agency securities	7,293,225	-	2,358,375	4,934,850	Not rated
Non-U.S. Securities	9,902,300	-	9,902,300	-	AAA
Non-U.S. Securities	10,310,335	-	10,310,335	-	A
Medium-term notes	4,812,950	-	-	4,812,950	AAA
Medium-term notes	4,897,650	4,897,650	-	-	AA+
Medium-term notes	19,603,915	9,872,900	-	9,731,015	AA
Medium-term notes	6,968,290	6,968,290	-	-	AA-
Medium-term notes	29,170,415	11,405,815	12,018,100	5,746,500	A+
Medium-term notes	47,398,205	20,054,835	11,425,350	15,918,020	A
Medium-term notes	6,585,190	4,793,650	-	1,791,540	A-
Municipal Bonds	2,458,450	-	-	2,458,450	AA+
Negotiable Certificates of deposit	2,222,300	2,222,300	-	-	Not rated
Money market mutual funds	303,965,395	303,965,395	-	-	AAA
Local Agency Investment Fund	302,888,305	302,888,305	-	-	Not rated
San Diego County Investment Pool	285,514,584	285,514,584	-	-	AAA
San Diego County Inv. Pool-Treasury	767,276,409	767,276,409	-	-	AAA
CalTrust Fund	16,835,121	16,835,121	-	-	AA
CalTrust Fund	16,220,619	16,220,619	-	-	A+
Total investments subject to credit and interest rate risk:	2,320,292,218	1,861,423,622	174,687,428	284,181,168	
Total Investments	<u>\$ 2,320,292,218</u>				

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Concentration of credit risk: The investment policy of the Airport Authority contains no limitations on the amount that can be invested by any one issuer beyond that stated in the table provided earlier in this note. The Airport Authority requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity, issuer, or class of securities. The Airport Authority had no concentrations of credit risk at June 30, 2024, and 2023.

Foreign currency risk: The Airport Authority's investment policy does not allow investments in foreign securities.

Fair Value of Assets: The Airport Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are observable other inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at the fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

	Fair Value	Quoted Prices in		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2024				
Investments by fair value level				
U.S. Treasury obligations	\$ 311,471,011	\$ -	\$ 311,471,011	\$ -
U.S. Agency securities	209,476,365	-	209,476,365	-
Non-U.S. Securities	19,480,989	-	19,480,989	-
Negotiable certificates of deposit	2,223,000	-	2,223,000	-
Medium-term notes	112,520,313	-	112,520,313	-
Total investments by fair value level	655,171,678	\$ -	\$ 655,171,678	\$ -
Investments measured at amortized cost				
Money market mutual funds	515,656,295			
Investments measured at net asset value				
CalTrust Fund	43,283,361			
Local Agency Investment Fund	69,182,101			
San Diego County Investment Pool	165,233,413			
San Diego County Inv. Pool-Treasury	1,147,318,734			
Total investments	<u>\$ 2,595,845,583</u>			

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		Quoted Prices in		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2023	Fair Value			
Investments by fair value level				
U.S. Treasury obligations	\$ 305,723,741	\$ 300,833,941	\$ 4,889,800	\$ -
U.S. agency securities	177,538,044	94,277,252	83,260,793	-
Non-U.S. Securities	20,212,635	4,934,250	15,278,385	-
Negotiable certificates of deposit	2,222,300	-	2,222,300	-
Municipal Bonds	2,458,450	-	2,458,450	-
Medium-term notes	119,436,615	67,113,975	52,322,640	-
Total investments by fair value level	627,591,785	\$ 467,159,417	\$ 160,432,368	\$ -
Investments measured at amortized cost				
Money market mutual funds	303,965,395			
Investments measured at net asset value				
CalTrust Fund	33,055,740			
Local Agency Investment Fund	302,888,305			
San Diego County Investment Pool	285,514,584			
San Diego County Inv. Pool-Treasury	767,276,409			
Total investments	<u>\$ 2,320,292,218</u>			

NOTE 3. LEASES AND PUBLIC-PRIVATE PARTNERSHIPS

Lease Receivable

The Airport Authority leases a portion of its property to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire 2024 through 2046. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being exercised. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Concession lease receivables for space within the terminals are typically based on the minimum annual guarantee plus a minimum 3 percent annual escalation, less rent holidays. As of June 30, 2024, there are 62 terminal food services and retail concession locations open.

The Airport Authority's CFC revenues and Bonds funded construction of the Rental Car Center facility (RCC), which was completed and placed in service on January 20, 2016. The RCC facility sits on 24.85 acres of land and houses all the major and many small operator rental car tenants. The land rent leases for the RCC commenced on the opening date of the facility and are non-cancellable. Once the Bonds are repaid or defeased, in addition to land rent, the rental car operators will also pay facility rent.

Various other leasing arrangements are in place for Airport Authority owned buildings, ground, and support spaces. Payments for these leases are generally based on total square footage being leased and an established rate, with periodic increases based on the Consumer Price Index.

Short-term lease payments are recognized as inflows of resources based on the payment provisions of the lease contract and are therefore not included in the lease receivable balances below.

The Airport Authority reports lease receivables with a carrying amount of \$146.5 million and \$168.0 million as of June 30, 2024, and 2023, respectively, and a deferred inflow of resources in the amount of \$130.6 million and \$147.9 million as of June 30, 2024, and 2023, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements.

Revenue recognized under lease contracts during the years present value of payments ended June 30, 2024, and 2023, was \$22.3 million and \$25.8 million, respectively, which includes both lease revenue and interest. The Airport recognized lease revenue of \$9.2 million and \$13.4 million, for the years ended June 30, 2024, and 2023, respectively, for variable payments not previously included in the measurement of the lease receivable.

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The following is a schedule by year of minimum payments to be received under the Airport Authority's leases that are included in the measurement of the lease receivable as of June 30, 2024:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 12,684,623	\$ 4,406,985	\$ 17,091,608
2026	11,804,674	4,167,455	15,972,129
2027	10,934,570	3,931,931	14,866,501
2028	8,373,048	3,747,767	12,120,815
2029	6,596,018	3,583,190	10,179,208
2030 - 2034	27,696,533	15,382,717	43,079,250
2035 - 2039	24,743,529	10,827,387	35,570,916
2040 - 2044	29,950,909	5,620,007	35,570,916
2044 - 2046	13,676,645	551,722	14,228,367
Total	<u>\$ 146,460,549</u>	<u>\$ 52,219,161</u>	<u>\$ 198,679,710</u>

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Regulated Leases

The Airport Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB 87, and therefore are only subject to the disclosure requirements. The terms of the regulated leases expire 2024 through 2033.

Certain capital assets, such as loading bridges, airfield, and building space are leased to airlines as part of the Airport Authority's Airline Operating Lease Agreement (AOLA). On July 1, 2019, the Airport Authority entered into the current ten-year AOLA with passenger airlines and cargo carriers operating at SDIA. The AOLAs cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SDIA. Under the terms of the AOLA, landing fees and aircraft parking fees are calculated based on a residual rate-setting methodology, in which all costs of the facility and services are recovered from the airlines, and the airlines assume the financial risk. Terminal rental rates are based on a compensatory rate-setting methodology, in which the airlines each pay for only the actual cost of facilities and services they use; financial risk and control is assumed by the airport. The AOLA also includes signatory and non-signatory rate structures. Air Carriers that signed a non-signatory agreement are charged a 120 percent premium on all signatory rates, fees, and charges, except for the Federal Inspection Services (FIS) fee, which all airlines pay the same rate for use of the immigration and customs facilities. Signatory carriers are required to pay a minimum amount each year (\$500,000 for passenger carriers, and \$250,000 for cargo carriers). The agreement has no provisions that grant the airlines direct approval rights over capital projects, with the limited exception of certain transportation projects that exceed a \$350 million threshold, as defined in the AOLA. It also allows flexibility to meet the demands of changing airline activity and to accommodate new entrant carriers. Terms of the new agreement financially support execution of the New Terminal 1, formerly referred to as the Airport Development Program. The Airport Authority does provide for preferential or exclusive use of certain assets to air carriers. As of June 30, 2024, 44 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,489 square feet of the 445,210 square feet of airline designated space was subject to exclusive use. As of June 30, 2023, 45 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,070 square feet of the 443,194 square feet of airline designated space was subject to exclusive use.

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The Airline Support Building (ASB) is an Airport Authority facility leased by carriers to process belly cargo. A portion of the lease payments increase annually based on CPI. Substantially all buildings and improvements in these leases are for the exclusive use of the four airline tenants.

The Airport Authority recognized fixed revenue under regulated lease contracts of \$10.7 million and \$10.6 million for the fiscal years ended June 30, 2024, and 2023, respectively. Variable lease revenue not previously included in the future minimum payments under its regulated leases were \$217.2 million and \$182.5 million, for the years ended June 30, 2024, and 2023, respectively.

The following is a schedule by year of expected future minimum payments to be received under the Airports regulated leases as of June 30, 2024:

Years Ending June 30,	Total Future
2025	\$ 9,106,836
2026	9,380,430
2027	9,664,364
2028	9,959,095
2029	10,265,101
2030 - 2034	6,085,214
Total	<u>\$ 54,461,040</u>

Public-Private and Public-Public Partnerships

The Airport Authority has entered into various noncancelable, public-private partnership (PPP) arrangements that meet the definition of a service concession arrangement in which the operators will operate and maintain the Airport Authority's assets for terms of which expire 2049 through 2050. At the end of the arrangements, operations will be transferred to the Airport Authority. The measurement of the related partnership lease receivable is based on the present value of future payments expected to be received during the PPP term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any PPP incentives payable to the operator. Incremental borrowing rates of 1.1 percent to 3.8 percent were used to measure PPP receivables.

Signature Flight Support is the exclusive lessee of the Fixed Base Operator (FBO) leasehold at SDIA, with their lease expiring April 30, 2049. Ground rent at the FBO increases annually based on the Consumer Price Index (CPI) but cannot drop below the base rent escalation. Substantially all buildings and improvements in this lease are for exclusive use of this tenant and transfer to the Airport Authority at the end of the agreement.

SAN Fuel Company, LLC has a 30-year lease agreement to operate and maintain the fuel facilities at SDIA, which expires May 31, 2050. In addition, the agreement provides for the construction of fuel storage tanks, airlines fueling operations facility (AFO) and a hydrant fuel system for Terminals 1 and 2. Construction of the fuel storage tanks and AFO were completed in fiscal year 2023. The hydrant fuel system will be completed and placed into service upon the completion of the New Terminal 1. All assets constructed are owned by the Airport Authority. Payments for the ground portion of this lease increase every five years, starting in 2025, based on CPI. Substantially all buildings and improvements in this lease are for the exclusive use of this tenant.

The Airport Authority reports partnership leases receivable with a carrying amount of \$127.9 million and \$138.5 million as of June 30, 2024, and 2023, respectively, and a deferred inflow of resources in the amount of \$210.5 million and \$225.8 million as of June 30, 2024, and 2023, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements. Revenue recognized under

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the PPP arrangements during fiscal years ended June 30, 2024, and 2023, was \$9.5 million and \$10.1 million, respectively, which includes both PPP revenue and interest. There are no variable payments not previously included in the measurement of the PPP receivable.

The following is a schedule by year of minimum payments to be received under the Airport Authority's Public-Private Partnerships that are included in the measurement of the lease receivable as of June 30, 2024:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 3,224,507	\$ 4,499,877	\$ 7,724,384
2026	3,341,161	4,383,223	7,724,384
2027	3,462,035	4,262,349	7,724,384
2028	3,587,282	4,137,102	7,724,384
2029	3,717,060	4,007,324	7,724,384
2030 - 2034	20,702,371	17,919,547	38,621,918
2035 - 2039	24,728,080	13,893,838	38,621,918
2040 - 2044	29,536,614	9,085,304	38,621,918
2045 - 2049	34,242,877	3,343,256	37,586,133
2049 - 2050	1,359,546	24,316	1,383,862
Total	<u>\$ 127,901,533</u>	<u>\$ 65,556,136</u>	<u>\$ 193,457,669</u>

The Authority monitors changes in circumstances that would require a remeasurement of its partnership leases and will remeasure the partnership lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the receivable.

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NOTE 4. NOTE RECEIVABLE

As part of the transfer of airport operations from the District to the Airport Authority, and pursuant to the associated MOU, the District issued a \$50.0 million unsecured promissory note to the Airport Authority. According to an agreement with the District that commenced on January 1, 2006, the note will be amortized over 25 years, maturing on December 31, 2030. The note is subordinate to all bond indebtedness of the District and carried a rate of 5.5 percent per annum through October 31, 2021. An amendment to that agreement reduced the rate to 3.6 percent per annum, effective November 1, 2021, reducing the monthly payment. At June 30, 2024, and 2023, the balance of the note receivable was \$19.7 million and \$22.3 million, respectively.

As part of the contracts to lease space in the Airline Support Building (ASB), tenants were given the option to issue a note receivable to the Airport Authority in order to fund tenant improvements to their space. Four airlines and one non-airline tenant exercised this option and issued notes for a combined total of \$13.4 million commencing July 1, 2021, for a period of 5 years carrying the estimated thirty-year revenue bond index rate of 2.5 percent per annum through June 30, 2026. At June 30, 2024, and 2023, the balance of the note receivable was \$4.8 million and \$7.1 million, respectively.

The required principal payments owed from the District and ASB notes receivable for the fiscal years ending June 30 are as follows:

Years Ending June 30,	ASB		District		Total
2025	\$	2,360,158	\$	2,731,707	\$ 5,091,866
2026		2,429,662		2,832,535	5,262,197
2027		-		2,937,084	2,937,084
2028		-		3,045,492	3,045,492
2029		-		3,157,901	3,157,901
2030 - 2031		-		4,956,737	4,956,737
Total	\$	4,789,820	\$	19,661,455	\$ 24,451,275

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NOTE 5. CAPITAL ASSETS AND LEASES

The following tables show the increases and decreases in capital and right-to-use lease assets, and their associated accumulated depreciation for the years ending June, 30, 2024 and 2023.

	Balance at July 1, 2023	Increases	Decreases	Balance at June 30, 2024
Nondepreciable assets and leases:				
Land	\$ 22,167,594		\$ -	\$ 22,167,594
Construction in progress	1,145,357,693	990,972,834	(157,637,677)	1,978,692,850
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets and leases	1,167,965,287	990,972,834	(157,637,677)	2,001,300,444
Depreciable assets and leases:				
Land improvements	160,111,604		(165,216)	159,946,387
Land improvements - right-to-use lease assets	238,768,276	2,618,306	(464,378)	240,922,204
Buildings and structures	1,883,717,140	136,875,206	(74,157,966)	1,946,434,381
Machinery and equipment	139,202,241	12,839,918	(6,357,577)	145,684,582
Runways, roads and parking lots	630,577,748	9,111,899	(15,762,854)	623,926,792
Total capital and lease assets being depreciated/amortized	3,052,377,008	161,445,329	(96,907,991)	3,116,914,345
Less accumulated depreciation and amortization for:				
Land improvements	(57,537,607)	(6,080,531)	165,216	(63,452,922)
Building and structures	(911,278,157)	(77,095,334)	73,525,709	(914,847,782)
Right-to-use lease assets	(17,945,010)	(6,531,429)	185,751	(24,290,688)
Machinery and equipment	(98,563,939)	(9,392,758)	6,357,157	(101,599,540)
Runways, roads and parking lots	(339,162,538)	(24,645,744)	11,044,430	(352,763,851)
Total accumulated depreciation and amortization	(1,424,487,252)	(123,745,795)	91,278,264	(1,456,954,783)
Total capital and lease assets being depreciated/amortized, net	1,627,889,756	37,699,534	(5,629,727)	1,659,959,562
Capital and lease assets, net	\$ 2,795,855,043	\$ 1,028,672,368	\$ (163,267,404)	\$ 3,661,260,007

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023
Nondepreciable assets and leases:				
Land	\$ 22,167,594	\$ -	\$ -	\$ 22,167,594
Construction in progress	578,124,720	621,296,376	(54,063,403)	1,145,357,693
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets and leases	600,732,314	621,296,376	(54,063,403)	1,167,965,287
Depreciable assets and leases:				
Land improvements	160,111,604	-	-	160,111,604
Land improvements - right-to-use lease assets	238,768,276	-	-	238,768,276
Buildings and structures	1,823,029,725	63,901,385	(3,213,969)	1,883,717,140
Machinery and equipment	124,708,399	14,506,699	(12,858)	139,202,241
Runways, roads and parking lots	637,019,738	-	(6,441,991)	630,577,748
Total capital and lease assets being depreciated/amortized	2,983,637,742	78,408,084	(9,668,818)	3,052,377,008
Less accumulated depreciation and amortization for:				
Land improvements	(50,707,793)	(6,829,814)	-	(57,537,607)
Building and structures	(832,118,062)	(82,396,336)	3,236,241	(911,278,157)
Right-to-use lease assets	(11,368,837)	(6,576,174)	-	(17,945,010)
Machinery and equipment	(87,898,380)	(10,678,418)	12,858	(98,563,939)
Runways, roads and parking lots	(318,166,349)	(26,681,289)	5,685,100	(339,162,538)
Total accumulated depreciation and amortization	(1,300,259,420)	(133,162,031)	8,934,199	(1,424,487,252)
Total capital and lease assets being depreciated/amortized, net	1,683,378,321	(54,753,948)	(734,618)	1,627,889,756
Capital and lease assets, net	\$ 2,284,110,636	\$ 566,542,428	\$ (54,798,021)	\$ 2,795,855,043

Note: Fiscal year 2022 amounts have been restated for GASB 94 & GASB 96.

The decreases in assets and the associated accumulated depreciation are the result of the disposal of assets in preparation for the construction of the New Terminal 1. Depreciation expense and increase in accumulated depreciation for the fiscal years ending June, 30, 2024 and 2023 amounted to \$117.2 million and \$126.6 million, respectively. The amortization of right-to-use lease assets in the same periods amounted to \$5.0 million each year. In both years, \$1.6 million of depreciation expense was charged to capital improvement projects in accordance with GASB 87.

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NOTE 6. LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2024, and 2023:

	Principal Balance at June 30, 2023	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2024	Due Within One Year
Variable rate debt - Direct borrowing					
Revolving LOC	\$ 80,100,000	\$ -	\$ (80,100,000)	\$ -	\$ -
Total variable rate debt	80,100,000	-	(80,100,000)	-	-
Bonds payable - Other:					
Series 2014 Bonds	275,685,000	-	(6,670,000)	269,015,000	7,045,000
Series 2017 Bonds	266,595,000	-	(5,585,000)	261,010,000	5,865,000
Series 2019 Bonds	454,585,000	-	(6,095,000)	448,490,000	6,400,000
Series 2020 Bonds	212,475,000	-	(15,240,000)	197,235,000	16,005,000
Series 2021 Bonds	1,931,985,000	-	(56,900,000)	1,875,085,000	12,225,000
Series 2023 Bonds	-	1,061,980,000	-	1,061,980,000	2,235,000
Bond premiums, net	459,468,592	291,193	(33,181,555)	426,578,230	-
Total bonds payable	3,600,793,592	1,062,271,193	(123,671,555)	4,539,393,230	49,775,000
Lease Liabilities	229,180,542	2,618,306	(3,793,683)	228,005,166	3,641,649
Note Payable - Direct borrowing					
CRDC	5,524,543	-	(387,927)	5,136,616	424,940
Total debt obligations	3,686,418,135	1,062,271,193	(204,159,483)	4,544,529,846	50,199,940
Compensated absences	5,094,372	4,158,865	(3,979,522)	5,273,715	3,979,522
Total long-term liabilities	\$ 3,691,512,507	\$ 1,066,430,059	\$ (208,139,004)	\$ 4,549,803,561	\$ 54,179,462

	Principal Balance at June 30, 2022	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2023	Due Within One Year
Variable rate debt - Direct borrowing					
Revolving LOC	\$ 80,100,000	\$ -	\$ -	\$ 80,100,000	\$ -
Total variable rate debt	80,100,000	-	-	80,100,000	-
Bonds payable - Other:					
Series 2014 Bonds	282,005,000	-	(6,320,000)	275,685,000	6,670,000
Series 2017 Bonds	271,915,000	-	(5,320,000)	266,595,000	5,585,000
Series 2019 Bonds	459,025,000	-	(4,440,000)	454,585,000	6,095,000
Series 2020 Bonds	226,995,000	-	(14,520,000)	212,475,000	15,240,000
Series 2021 Bonds	1,941,745,000	-	(9,760,000)	1,931,985,000	16,465,000
Bond premiums	486,158,691	-	(26,690,100)	459,468,592	-
Total bonds payable	3,667,843,691	-	(67,050,100)	3,600,793,592	50,055,000
Lease Liabilities	232,766,866	-	(3,586,324)	229,180,542	3,677,515
Note Payable - Direct borrowing					
CRDC	5,878,682	-	(354,139)	5,524,543	387,928
Total debt obligations	3,753,822,373	-	(67,404,238)	3,686,418,135	50,442,928
Compensated absences	5,054,078	3,791,186	(3,750,893)	5,094,372	3,750,891
Total long-term liabilities	\$ 3,758,876,452	\$ 3,791,186	\$ (71,155,131)	\$ 3,691,512,507	\$ 54,193,819

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Senior Lien Series 2023 Bonds: On October 25, 2023, the Airport Authority issued \$1,062.0 million of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The 2023 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, repay outstanding Subordinate Revolving Obligations, purchase a portion of the Authority's outstanding Airport Revenue Refunding bonds, Series 2021 C which were tendered, fund a portion of the interest accruing on the Series 2023 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2023 Bonds.

The Series 2023 A Bonds were structured as governmental and non-AMT term bonds that bear interest at 5.0 percent. The Series B bonds were structured as private activity and AMT term bonds that bear interest at rates ranging from 5.0 percent to 5.25 percent. The Series A and Series B bonds were issued at a premium of \$2.9 million and a discount of \$9.9 million, respectively. The premium and discount is amortized over the life of the bonds. The interest on the Series 2023 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal year ended June 30, 2024, amounted to \$36.9 million, including accrued interest of \$27.0 million. The principal on the Series 2023 Bonds as of June 30, 2024, was \$1,062.0 million.

The required debt service payments for the Series 2023 Bonds for the years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 2,235,000	\$ 53,990,538	\$ 56,225,538
2026	2,865,000	53,863,038	56,728,038
2027	-	53,791,413	53,791,413
2028	-	53,791,413	53,791,413
2029	14,450,000	53,430,163	67,880,163
2030 - 2034	87,910,000	255,004,063	342,914,063
2035 - 2039	111,535,000	229,397,863	340,932,863
2040 - 2044	153,370,000	196,364,813	349,734,813
2045 - 2049	176,245,000	154,670,688	330,915,688
2050 - 2054	224,925,000	104,762,688	329,687,688
2055 - 2059	288,445,000	39,316,981	327,761,981
	<u>\$ 1,061,980,000</u>	<u>\$ 1,248,383,656</u>	<u>\$ 2,310,363,656</u>

The senior Series 2023 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and (b) certain funds and accounts held by the senior trustee under the senior indenture.

As senior lien bonds, the Series 2023 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for that year. In addition, the Series 2023 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's books. For the fiscal year ended June 30, 2024, the amount held by the trustee was \$967.3 million which included the July 1 payment a debt service reserve fund, construction fund, and a capitalized interest fund. The total additional amounts held by the Airport Authority for Operating and Maintenance, and Renewal and Replacements reserves for fiscal years 2024 and 2023 was \$76.3 million and \$69.7 million, respectively. The public ratings of the Series 2023 Bonds as of June 30, 2024, are A1/AA- by Moody's Investors Service and Fitch Ratings.

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Subordinate Lien Series 2017 Bonds: The Airport Authority issued \$291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds) on August 3, 2017. The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Terminal 2 Parking Plaza and the FIS facility, fund a portion of the interest accruing on the Series 2017 Bonds, refund \$32.6 million of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of \$48.4 million which is being amortized over the life of the bonds. Interest on the Series 2017 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to \$13.1 million and \$13.3 million, respectively, including accrued interest of \$6.5 million and \$6.7 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2024, and 2023 was \$261.0 million and \$266.6 million, respectively.

The required debt service payments for the Series 2017 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 5,865,000	\$ 12,903,875	\$ 18,768,875
2026	6,155,000	12,603,375	18,758,375
2027	6,465,000	12,287,875	18,752,875
2028	6,790,000	11,956,500	18,746,500
2029	7,130,000	11,608,500	18,738,500
2030-2034	41,365,000	52,182,375	93,547,375
2035-2039	52,785,000	40,469,375	93,254,375
2040-2044	67,380,000	25,520,000	92,900,000
2045-2048	67,075,000	6,911,625	73,986,625
	<u>\$ 261,010,000</u>	<u>\$ 186,443,500</u>	<u>\$ 447,453,500</u>

Subordinate Lien Series 2019 Bonds: The Airport Authority issued \$338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and \$124.9 million of Series B Subordinate Airport Revenue Bonds on December 11, 2019 (Series 2019 Bonds). The Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the Series 2019 Bonds, refund \$34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of \$96.9 million which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to \$21.6 million and \$21.9 million, respectively, including accrued interest of \$10.8 million and \$10.9 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2024, and 2023 was \$448.5 million and \$454.6 million, respectively.

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The required debt service payments for the Series 2019 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 6,400,000	\$ 21,594,350	\$ 27,994,350
2026	5,615,000	21,274,350	26,889,350
2027	5,895,000	20,993,600	26,888,600
2028	6,195,000	20,698,850	26,893,850
2029	6,500,000	20,389,100	26,889,100
2030-2034	71,220,000	95,172,250	166,392,250
2035-2039	145,565,000	69,342,550	214,907,550
2040-2044	107,560,000	35,201,850	142,761,850
2045-2049	76,000,000	16,088,800	92,088,800
2050	17,540,000	877,000	18,417,000
	<u>\$ 448,490,000</u>	<u>\$ 321,632,700</u>	<u>\$ 770,122,700</u>

Subordinate Lien Series 2020 Bonds: The Airport Authority issued \$241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Airport Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B bonds escrow accounts and pay the costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of \$49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to \$9.7 million and \$10.6 million, respectively, including accrued interest of \$4.9 million and \$5.4 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2024, and 2023 was \$197.2 million and \$212.5 million, respectively.

The required debt service payments for the Series 2020 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 16,005,000	\$ 9,861,750	\$ 25,866,750
2026	11,275,000	9,061,500	20,336,500
2027	11,830,000	8,497,750	20,327,750
2028	12,425,000	7,906,250	20,331,250
2029	13,050,000	7,285,000	20,335,000
2030-2034	65,860,000	26,378,000	92,238,000
2035-2039	46,680,000	11,812,500	58,492,500
2040-2041	20,110,000	1,520,750	21,630,750
	<u>\$ 197,235,000</u>	<u>\$ 82,323,500</u>	<u>\$ 279,558,500</u>

Subordinate Lien Series 2021 Bonds: The Airport Authority issued \$1,941.7 million of Series A, B and C Subordinate Airport Revenue and Revenue Refunding Bonds (Series 2021 Bonds). The Series 2021 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, fund a portion of the interest accruing on the Series 2021 Bonds, fund the Series 2013 Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2021 Bonds. The Series 2021A and B Bonds are structured as serial bonds that bear interest rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057. The Series A and B bonds were issued at a premium of \$332.4 million,

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which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037. The 2021C Series participated in a tender offer as part of the 2023 Series issuance. A total of \$40.4 million par value 2021C were tendered. As a result of the refunding, the Airport Authority reduced its total debt service requirements by \$40.4 million, which resulted in an economic gain (difference between the present value of the debt service payments on the old and the new debt) of approximately \$3.1 million. Interest on the Series 2021 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to \$80.8 million and \$82.0 million, respectively, including accrued interest of \$40.1 million and \$41.0 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2024, and 2023 was \$1,875.1 million and \$1,932.0 million, respectively.

The required debt service payments for the Series 2021 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 12,225,000	\$ 80,776,815	\$ 93,001,815
2026	13,005,000	80,623,540	93,628,540
2027	10,310,000	80,278,592	90,588,592
2028	10,830,000	79,750,092	90,580,092
2029	11,375,000	79,194,967	90,569,967
2030-2034	99,075,000	384,871,534	483,946,534
2035-2039	177,210,000	354,859,768	532,069,768
2040-2044	320,340,000	310,695,290	631,035,290
2045-2049	327,705,000	243,062,350	570,767,350
2050-2054	486,915,000	155,785,875	642,700,875
2054-2057	406,095,000	28,818,625	434,913,625
	<u>\$ 1,875,085,000</u>	<u>\$ 1,878,717,448</u>	<u>\$ 3,753,802,448</u>

The subordinate Series Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of subordinate net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and all amounts necessary to pay debt service on and fund the reserves for the senior bonds; and (b) certain funds and accounts held by the subordinate trustee under the subordinate indenture. The subordinate Series Bonds were issued with a pledge of and lien on subordinate net revenues.

As subordinate lien bonds, the Series 2017, 2019, 2020 and 2021 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 110 percent times the subordinate debt service for that year. In addition, the subordinate Bonds require the Airport Authority to maintain a reserve account with the bond trustee. On June 30, 2024, and 2023, the amount held by the trustee was \$753.3 million and \$1,477.6 million, respectively, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund. The public ratings of the Subordinate Series Bonds as of June 30, 2023, are A/A2/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

For the year ended June 30, 2024, the net revenues pledged for senior and subordinate lien debt service was \$285.2 million compared to the net debt service (senior and subordinate lien principal and interest) of \$102.8

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million. At June 30, 2024, the remaining principal and interest payments required to repay the bonds through 2058 totaled \$7,561.3 million.

Senior Lien Special Facilities Revenue Bonds, Series 2014: On February 19, 2014, the Airport Authority issued \$305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest accruing on the Series 2014 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt and non-AMT term bonds that bear interest at 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent. The bonds were issued at a premium of \$0.6 million, which is amortized over the life of the bonds. Interest on the Series 2014 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to \$14.9 million and \$15.2 million, respectively, including accrued interest of \$7.4 million and \$7.6 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2024, and 2023 was \$269.0 million and \$275.7 million, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, customer facility charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the customer facility charges and the Bond Funding Supplemental Consideration (as defined in the bond indenture), are pledged to the payment of the Series 2014 Bonds.

The Series 2014 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's net position, as shown previously in the notes. For the fiscal years ended June 30, 2024, and 2023, the amount held by the trustee was \$62.0 million and \$58.2 million, respectively, which included the July 1 payment, the debt service reserve fund, the renewal and replace fund, and the rolling coverage fund.

The public ratings of the Senior Series Special Facility 2014 Bonds as of June 30, 2024, are A-/A3 by Standard & Poor's and Moody's Investors Service.

The required debt service payments for the Series 2014 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 7,045,000	\$ 14,677,074	\$ 21,722,074
2026	7,440,000	14,271,928	21,711,928
2027	7,855,000	13,844,127	21,699,127
2028	8,295,000	13,392,412	21,687,412
2029	8,760,000	12,915,383	21,675,383
2030-2034	51,720,000	56,433,452	108,153,452
2035-2039	67,890,000	39,804,447	107,694,447
2040-2044	89,135,000	17,999,292	107,134,292
2045	20,875,000	521,875	21,396,875
	<u>\$ 269,015,000</u>	<u>\$ 183,859,990</u>	<u>\$ 452,874,990</u>

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Interest expense on the Series 2014, 2017, 2019, 2020, 2021, and 2023 Bonds for fiscal years ended June 30, 2024, and June 30, 2023, of \$177.0 million and \$143.1 million, respectively, was offset by bond premium amortization of \$ 25.9 million in fiscal year 2024 and \$26.7 million in fiscal year 2023.

Subordinate Short-Term Debt Program: On July 19, 2021, The Airport Authority and Bank of America entered into a Revolving Credit Agreement which is authorized up to \$200.0 million in Subordinate Revolving Obligations. At the end of fiscal year 2023 the Airport Authority had \$80.1 million in aggregate principal of Subordinate Revolving Obligations outstanding. During fiscal year 2024 the Airport Authority issued the 2023 Series Bonds, which included repayment of the outstanding balance of the Subordinate Revolving Obligation

On July 11, 2024, The Airport Authority and Bank of America entered into an amended Revolving Obligation agreement. The revolving credit agreement is for the term of three years and authorized the Airport Authority to issue up to \$200.0 million in Subordinate Revolving Obligations. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Letter of credit and reimbursement agreement: In fiscal year 2024, the Airport Authority maintained a \$2.0 million line of credit held with US Bank, which is collateralized with a Treasury bond. This line is utilized to issue letters of credit to surety companies who are partnering with the Airport Authority to provide bonding assistance to contractors accepted into the bonding assistance program at the Airport Authority. As of June 30, 2024, nothing had been drawn on the line of credit and there are no outstanding letters of credit.

The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2024, and 2023:

	June 30, 2024		June 30, 2023	
	Used	Unused	Used	Unused
Revolving line of credit	\$ -	\$200,000,000	\$80,100,000	\$119,900,000
Line of credit	\$ -	2,000,000	\$ -	2,000,000
	<u>\$ -</u>	<u>\$ 202,000,000</u>	<u>\$ 80,100,000</u>	<u>\$ 121,900,000</u>

Event of Default: In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. For the Letter of Credit and Reimbursement Agreement, an event of default could result in either an acceleration or an interest rate increase of 3.0 to 7.0 percent in addition to the base rate. Other than this, there are no significant finance-related consequences in the event of default on other debt instruments. The Airport Authority's Letter of Credit and Reimbursement Agreement is collateralized with a \$2.2 million Treasury bond. Excluding general airport revenue bonds, special facility bonds, and leases, no other assets have been pledged or collateralized for any other debt instruments. General Airport revenue bonds are secured by a pledge of Net Revenues which are generally defined as all revenues and other cash receipts of the Airport Authority's operations less amounts required to pay for operations and maintenance expenses of the airport (net revenues do not include cash received from PFCs, CFCs or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

NOTE PAYABLE

Receiving Distribution Center lease: The Airport Authority entered into an installment purchase agreement for a receiving and distribution center (RDC) in fiscal year 2013. This agreement has been determined to be a

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note payable and requires monthly lease payments of \$73.1 thousand. The Airport Authority will become the owner of the RDC at the conclusion of the 20-year installment purchase agreement.

The following is a schedule of future lease payments applicable to the RDC installment purchase agreement, and the net present value of the future lease payments on June 30, 2024:

<u>Years Ending June 30,</u>	<u>Amount</u>
2025	\$ 877,298
2026	877,298
2027	877,298
2028	877,298
2029-2032	3,874,732
Total Lease Payments	<u>7,383,924</u>
Less amount representing interest	<u>(2,247,308)</u>
Present value of future lease payments	<u><u>\$ 5,136,616</u></u>

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LEASE LIABILITIES

The Airport Authority leases properties from the District and smaller third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

Incremental borrowing rates of 1.1 percent to 4.1 percent were used to measure lease payables. Lease liabilities recorded under lease contracts as of June 30, 2024, and 2023, were \$228.0 million and \$228.9 million, respectively.

The future principal and interest payments for lease liabilities as of June 30, 2024, are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	3,641,649	8,557,866	12,199,516
2026	2,829,863	8,466,532	11,296,394
2027	2,645,398	8,379,303	11,024,701
2028	2,701,099	8,289,721	10,990,820
2029	2,427,028	8,199,071	10,626,099
2030-2034	13,725,080	39,532,558	53,257,638
2035-2039	16,794,244	36,700,828	53,495,072
2040-2044	19,025,458	33,306,539	52,331,996
2045-2049	22,159,268	29,435,079	51,594,347
2050-2054	26,905,124	24,760,327	51,665,452
2055-2059	32,659,884	19,083,783	51,743,667
2060-2064	39,637,317	12,192,387	51,829,703
2065-2069	42,853,755	3,869,622	46,723,377
	<u>\$228,005,166</u>	<u>\$240,773,615</u>	<u>\$468,778,782</u>

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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NOTE 7. DEFINED BENEFIT PLANS

Introduction: The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability or asset, related deferred inflows and deferred outflows of resource balances as reported on the statement of net position. The below schedule represents aggregating information as of and for the years ended June 30, 2024, and 2023:

	Defined Benefit Plan		Preservation of Benefits Trust		
	Plan		Plan		
	GASB 68		GASB 73		Total
Balances as of and for the year ended 6/30/2024					
Pension expense (income)	\$	6,535,764	\$	(175,608)	\$ 6,360,156
Net pension liability		10,244,143		961,287	11,205,430
Deferred outflows of resources		15,525,408		150,203	15,675,611
Deferred inflows of resources		1,540,344		1,039,236	2,579,580
Balances as of and for the year ended 6/30/2023					
Pension expense	\$	5,000,713	\$	56,102	\$ 5,056,815
Net pension liability		5,583,686		1,614,123	7,197,809
Deferred outflows of resources		11,810,015		352,421	12,162,436
Deferred inflows of resources		3,967,391		782,577	4,749,968

Plan description: The Airport Authority's single-employer defined benefit pension plan (Plan), administered by SDCERS, provides service retirement, disability benefits, death benefits and survivor benefits to Plan members and beneficiaries. SDCERS is a multi-employer public employee retirement system that acts as a common investment and administrative agent for three separate single-employer defined benefit pension plans for the City, the District, and Airport Authority.

From January 1, 2003, through June 30, 2007, SDCERS administered a qualified employer defined benefit plan for the City, the District and Airport Authority. However, as of July 1, 2007, the City, the District, and the Airport Authority plans were separated into independent, qualified, single-employer governmental defined benefit plans, and trusts. The assets of the three separate plans and trusts were pooled in the SDCERS Group Trust, which was established as of July 1, 2007. SDCERS invests and administers the Group Trust as a common investment fund and accounts separately for the proportional interest of each plan and trust that participates in the Group Trust.

SDCERS is governed by a 13-member Board, responsible for the administration of retirement benefits for the City, the District, and the Airport Authority and for overseeing the investment portfolio of the retirement system's trust fund. The Board is comprised of seven appointed members, four active members, one retired member, and one ex-officio member.

SDCERS acts as a common, independent investment and administrative agent for the City, the District and the Airport Authority, whose plans cover all eligible employees. In a defined benefit plan, pension benefits are actuarially determined by a member's age at retirement, number of years of service credit and final compensation, typically based on the highest salary earned over a one-year or three-year period. Airport Authority members who are participants under the California Public Employees' Pension Reform Act (PEPRA) are subject to pensionable compensation caps.

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The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.0100 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board. The SDCERS Board issues a publicly available financial report that includes financial statements and required supplementary information for SDCERS. The financial report may be found on the San Diego City Employees' Retirement System website at www.sdcers.org.

Benefits provided: The Airport Authority provides retirement, disability, and death benefits. There are two types of participants, the classic participants and the PEPRAs participants. A classic participant means any member who is not a PEPRAs participant. A PEPRAs participant is any member hired on or after January 1, 2013, who has never been a member of a public retirement system or who had a break in service of more than six months before their Airport Authority hire date.

The classic participant retirement benefit is calculated by using monthly salary amounts based on the highest continuous twenty-six bi-weekly pay periods divided by 12. The eligibility of the classic participants begins at age 62 with five years of service, or age 55 with 20 years of service.

The PEPRAs participant's benefit is calculated by using monthly salary amounts based on the highest thirty-six consecutive months divided by 36. Base salary cannot exceed 100 percent of the Social Security contribution and benefit base, indexed to the CPI-U. The eligibility of the PEPRAs participants begins at age 52 with five years of service.

The Airport Authority provides monthly payments for the life of the member, with 50 percent continuance to the eligible spouse or registered-domestic partner upon the member's death. If there is no eligible spouse, the member may receive either a lump sum payment equal to the accumulated surviving spouse contributions or an actuarially equivalent annuity. Members may also choose to receive a reduced lifetime monthly benefit and, upon death, leave more than 50 percent to their spouse or registered domestic partner, or to provide a continuance to a non-spouse.

Employees with ten years of continuous service are eligible to receive non-industrial disability and employees with no service requirement can receive industrial disability.

The death benefit for non-industrial death before the employee is eligible to retire is a refund of the employee contributions, with interest plus one month's salary for each completed year of service to a maximum of six months' salary. A non-industrial death benefit after the employee is eligible to retire from service is 50 percent of earned benefit payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age. The industrial death benefit is 50 percent of the final average compensation preceding death, payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age.

As of the measurement dates June 30, 2023, and June 30, 2022, Plan membership was as follows:

	2023	2022
Active employees	364	353
Inactive employees entitled to but not yet receiving benefits	196	182
Inactive employees or beneficiaries currently receiving benefits	199	187
Total	759	722

Contributions: SDCERS uses actuarial developed methods and assumptions to determine what level of contributions are required to achieve and maintain an appropriate funded status for the Plan. The actuarial process uses a funding method that attempts to create a pattern of contributions that is both stable and predictable. The actual employer and member contribution rates in effect each year are based upon actuarial valuations performed by an independent actuary and adopted by the SDCERS Board annually.

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The actuarial valuation is completed as of June 30, of each year. Once accepted by the SDCERS Board, the approved rates for the Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2024, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2023, actuarial valuation.

The funding objective of SDCERS is to fully fund the plan's actuarially accrued liability with contributions, which over time will remain as a level percent of payroll for the Airport Authority. Under this approach, the contribution rate is based on the normal cost rate and an amortization of any unfunded actuarial liability.

For the years ended June 30, 2024, and 2023, employees contributed \$3.7 million and \$3.3 million, respectively, and the Airport Authority contributed \$7.9 million and \$7.7 million, respectively, to the Plan. Under the Plan, the Airport Authority pays a portion of the classic participant's contribution, referred to as the "off-set." The offset is equal to 7.0 percent or 8.5 percent of the general classic members' base compensation and 9.6 percent of the executive classic members' base compensation. These contributions are included in the employee contribution. There is no offset for PEPRA participants.

Net Pension Liability (Asset): The Airport Authority's net pension liability as of June 30, 2024, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2024, is measured as of June 30, 2023. The annual valuation used is as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability (asset) follows.

Actuarial Assumptions: The total pension liability in the June 30, 2023 and June 30, 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2024	June 30, 2023
Valuation date	June 30, 2022	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry-age normal funding method	Entry-age normal funding method
Asset valuation method	Expected value with smoothing	Expected value with smoothing
Actuarial assumptions:		
Investment rate of return ⁽¹⁾	6.50%	6.50%
Inflation Rate	3.05%	3.05%
Interest Credited to Member Contributions	6.50%	6.50%
Projected salary increase ⁽²⁾	3.05%, plus merit component	3.05%, plus merit component
Cost-of-living adjustment	1.9% per annum, compounded	1.9% per annum, compounded
Termination rate ⁽³⁾	2.0% - 16.0%	2.0% - 16.0%
Disability rate ⁽⁴⁾	0.01% - 0.20%	0.01% - 0.20%
Mortality ⁽⁵⁾	0.02% - 13.54%	0.02% - 13.54%

⁽¹⁾ Net of investment expense

⁽²⁾ Merit component based on years of service ranging from 5.0% to 0.50%

⁽³⁾ Based on years of service

⁽⁴⁾ Based on age

⁽⁵⁾ All active and retired healthy members: CalPERS Mortality Tables from the CalPERS January 2014 Experience Study
Further details about the actuarial assumptions can be found in the SDCERS June 30, 2020 and June 30, 2019 actuarial reports.

Discount Rate: For the June 30, 2023 and June 30, 2022 actuarial valuations, the discount rates used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection

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of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability (asset).

The long-term expected rate of return estimates for equity and fixed income are developed using a geometric (long-term compounded) building block approach: 1) expected returns based on observable information in the equity and fixed income markets and consensus estimates for major economic and capital market inputs, such as earnings and inflation, and 2) where necessary, judgment-based modifications are made to these inputs. Return assumptions for other assets classes are based on historical returns, current market characteristics, and professional judgements from SDCERS general investment consultant specialist research teams. Best estimates of geometric long-term real rates and nominal rates of return for each major asset class as of June 30, 2023 are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return	Long-term Expected Nominal Rates of Return
Domestic equity	19.0%	5.0%	7.5%
International equity	12.0%	5.8%	8.0%
Global equity	8.0%	5.5%	7.9%
Domestic fixed income	22.0%	1.7%	4.0%
Return-Seeking Fixed Income	5.0%	4.6%	7.0%
Real estate	11.0%	3.3%	5.6%
Private equity	10.0%	7.8%	10.3%
Infrastructure	3.0%	4.8%	7.2%
Opportunity fund	10.0%	4.9%	7.3%
	<u>100.0%</u>		

Changes in the Net Pension Liability (Asset): Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2024, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2023	\$ 268,067,970	\$ 262,484,284	\$ 5,583,686
Changes for the year:			
Service cost	7,147,242	-	7,147,242
Interest on total pension liability	17,355,715	-	17,355,715
Difference between expected and actual experience	4,182,916	-	4,182,916
Changes in assumptions	-	-	-
Employer contributions	-	7,742,583	(7,742,583)
Member contributions	-	3,494,204	(3,494,204)
Net investment income	-	13,293,511	(13,293,511)
Benefit payments	(9,295,008)	(9,295,008)	-
Administrative expense	-	(504,882)	504,882
Net changes	19,390,865	14,730,408	4,660,457
Balances as of June 30, 2024	\$ 287,458,835	\$ 277,214,692	\$ 10,244,143

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Changes in the total pension liability (asset), plan fiduciary net position and the net pension liability through the year ended June 30, 2023, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of June 30, 2022	\$ 254,465,897	\$ 263,460,943	\$ (8,995,046)
Changes for the year:			
Service cost	6,980,223	-	6,980,223
Interest on total pension liability	16,489,161	-	16,489,161
Difference between expected and actual experience	(1,288,936)	-	(1,288,936)
Changes in assumptions	-	-	-
Employer contributions	-	9,181,680	(9,181,680)
Member contributions	-	3,070,398	(3,070,398)
Net investment income	-	(4,188,463)	4,188,463
Benefit payments	(8,578,375)	(8,578,375)	-
Administrative expense	-	(461,899)	461,899
Net changes	13,602,073	(976,659)	14,578,732
Balances as of June 30, 2023	\$ 268,067,970	\$ 262,484,284	\$ 5,583,686

Sensitivity of the Net Pension Liability (Asset) to Discount Rate Changes: The following presents the resulting net pension liability (asset) calculated using the discount rate of 6.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal years ended June 30, 2024:

	Discount Rate		
	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Total pension liability	\$ 326,286,970	\$ 287,458,835	\$ 255,610,311
Plan fiduciary net position	277,214,692	277,214,692	277,214,692
Net pension liability (asset)	\$ 49,072,278	\$ 10,244,143	\$ (21,604,381)
Plan fiduciary net position as a percentage of the total pension liability	85.0%	96.4%	108.5%

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan: For the years ended June 30, 2024 and June 30, 2023, the Airport Authority recognized pension expense, as measured in accordance with GASB 68, of \$6.5 million and \$5.0 million, respectively. At June 30, 2024 and June 30, 2023, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,322,361	\$ 1,540,346
Net difference between projected and actual earnings	2,910,962	-
Changes in assumptions	1,353,401	-
Employer contributions made subsequent to June 30, 2023 measurement date	7,938,684	-
Total	<u>\$ 15,525,408</u>	<u>\$ 1,540,346</u>

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 370,346	\$ 2,877,993
Net difference between projected and actual earnings	-	1,089,400
Changes in assumptions	3,776,149	-
Employer contributions made subsequent to June 30, 2022 measurement date	7,663,521	-
Total	<u>\$ 11,810,016</u>	<u>\$ 3,967,393</u>

The deferred outflows of resources at June 30, 2024 and June 30, 2023 resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability in fiscal year 2025, and an increase to the net pension asset in fiscal year 2024.

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2024, will be recognized in pension expense as follows:

Years ended June 30,	
2024	\$ 1,644,678
2025	(2,515,828)
2026	6,139,504
2027	778,024
	<u>\$ 6,046,378</u>

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NOTE 8. PRESERVATION OF BENEFITS TRUST PLAN

Plan description: The Airport Authority's single-employer defined benefit pension plan established as the preservation of benefits and trust plan (POB), administered by SDCERS, provides benefits to POB members and beneficiaries. The POB was established on January 1, 2003, for the purpose of providing benefits to POB members in excess of San Diego City Charter, Code Section 415(b) limitations. Information regarding SDCERS is included in Note 7.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.1601 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board.

Benefits provided: Retirement benefits are provided to POB members with retirement benefits in excess of Code Section 415(b) who have participated in the Plan since establishment of the POB. Participation ends for a portion of a plan year in which the retirement benefit of a retiree or beneficiary is not limited by Code Section 415(b) or when all benefit obligations to the retiree or beneficiary have been satisfied. Benefit payments are equal to the amount of retirement income that would have been payable, less the amount payable by the Plan. Benefit payments for the years ended June 30, 2024, and June 30, 2023, were \$9.1 thousand and \$20.6 thousand, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS. There are no assets accumulated in trust for this plan.

As of the measurement dates of June 30, 2023, and 2022, Plan membership was as follows:

	2023	2022
Active employees	2	2
Inactive employees or beneficiaries currently receiving benefits	1	1
Total	3	3

Total Pension Liability: The Airport Authority's total pension liability as of June 30, 2024, and June 30, 2023, was \$961 thousand and \$1.6 million, respectively. The pension liability as of June 30, 2024, is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

Actuarial Assumptions: The total pension liability in the June 30, 2024, and June 30, 2023, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2024	June 30, 2023
Valuation date	June 30, 2023	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	3.65%	3.54%
Inflation rate	3.05%	3.05%
Interest credited to member contributions	6.50%	6.50%
Projected salary increases ⁽¹⁾	3.05%, plus merit component	3.05%, plus merit component

⁽¹⁾ Merit component based on years of service ranging from 5.0% to 0.50%

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Changes in the Total Pension Liability: Changes in the total pension liability through the year ended June 30, 2024, was as follows:

Balances as of June 30, 2023	\$ 1,614,123
Changes for the year:	
Service cost	39,567
Interest on total pension liability	57,310
Difference between expected and actual exper	(702,599)
Changes in assumptions	(17,243)
Benefit payments	(29,871)
Net changes	(652,836)
Balances as of June 30, 2024	<u>\$ 961,287</u>

Changes in the total pension liability through the year ended June 30, 2023, was as follows:

Balances as of June 30, 2022	\$ 2,373,440
Changes for the year:	
Service cost	68,342
Interest on total pension liability	51,359
Difference between expected and actual exper	(381,597)
Changes in assumptions	(437,754)
Benefit payments	(59,667)
Net changes	(759,317)
Balances as of June 30, 2023	<u>\$ 1,614,123</u>

Sensitivity of the Total Pension Liability to Discount Rate Changes: The following presents the resulting total pension liability calculated using the discount rate of 3.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal year ended June 30, 2024:

	1% Decrease 2.65%	Current Rate 3.65%	1% Increase 4.65%
Total pension liability	\$ 1,131,084	\$ 961,287	\$ 818,821

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the POB: For the year ended June 30, 2024, and 2023, the Airport Authority recognized pension expense (income), as measured in accordance with GASB 73, of \$(175.6) thousand and \$56.1 thousand. At June 30, 2024 and June 30, 2023, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 807,428
Changes in assumptions	141,140	231,808
Employer contributions subsequent to June 30, 2023 measurement date	9,063	-
Total	<u>\$ 150,203</u>	<u>\$ 1,039,236</u>

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For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,168	\$ 439,310
Changes in assumptions	299,670	343,266
Employer contributions subsequent to June 30, 2022 measurement date	20,583	-
Total	<u>\$ 352,421</u>	<u>\$ 782,576</u>

The deferred outflows of resources, at June 30, 2024, and June 30, 2023, resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability in fiscal years 2025 and 2024, respectively.

Amounts reported as deferred outflows/inflows of resources related to the plan will be recognized in pension expense as follows:

Years ended June 30,	
2025	\$ (298,654)
2026	(419,483)
2027	(179,959)
	<u>\$ (898,096)</u>

NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

The Authority contributes to the San Diego Regional Airport Authority 401(a) Plan. The 401(a) Plan is a defined contribution pension plan for all eligible employees who are hired on or after January 1, 2024 who do not participate in the Authority's defined benefit pension plan. The benefits are administered by a trustee selected by the Authority.

Benefit terms, including contribution requirements, for the 401(a) Plan are established, and may be amended, by the Board of Directors. For each employee in the plan, the Authority is required to contribute 8 percent of eligible annual salary to an individual employee account. Employees become vested in employer contributions and earnings on employer contributions after completion of three years of creditable service with the Authority. Nonvested Authority contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses.

The plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of the plan, all contributed amounts and income attributable to the investment of the contributed amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. Employee assets held in the 401(a) Plan are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

For the years ended June 30, 2024, and 2023, employees contributed \$8.5 thousand and \$0, respectively, and the Airport Authority contributed \$17.5 thousand and \$0, respectively, to the Plan.

San Diego County Regional Airport Authority

NOTE 10. EMPLOYEES' DEFERRED COMPENSATION PLAN

The Airport Authority offers its employees a deferred compensation plan, which was created in accordance with Internal Revenue Code (IRC) Section 457, (457(b) Plan). The Plan, which is available to all full-time Airport Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, total disability, death, or unforeseeable emergency.

The plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. Employee assets to be held in the 457 plan are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan provides post-retirement medical, dental, vision and life insurance benefits for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service.

Plan description: As of May 8, 2009, the Board approved entering into an agreement with the California Employer's Retiree Benefit Trust (CERBT) fund. This is managed by California Public Employees Retirement System (CalPERS). CalPERS administers pension and health benefits for over two million California public employees, retirees, and their families. CalPERS was founded in 1932 and is the largest public pension fund in the United States. As of June 30, 2024, CalPERS managed \$502.9 billion in assets for nearly 2,900 California employers. In 1988 and 2007, enabling statutes and regulations were enacted which permitted CalPERS to form the CERBT fund, an irrevocable Section 115 Trust, for the purpose of receiving employer contributions that will prefund health and other postemployment benefit costs for retirees and their beneficiaries. Financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Funding policy: CERBT requires a valuation of the liabilities and annual costs for benefits by an approved actuarial consulting firm. It is the Airport Authority's intent to budget and prefund the actuarially determined contributions (ADCs). As of May 9, 2009, the agreement with CERBT was approved. The retirees' contribution rate was raised from 5 percent to 10 percent of plan costs for single coverage and the entire cost of vision benefits, lowering the OPEB liabilities of the Airport Authority. Annually, the Airport Authority's goal is to fund 100 percent of the actuarially calculated ADC for its OPEB. During the fiscal years ended June 30, 2024, and 2023, the Airport Authority's contributions were \$1.1 million and \$1.0 million, respectively.

A measurement date of June 30, 2023, and 2022, was used for the June 30, 2024, and June 30, 2023 OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2023, and June 30, 2022, respectively.

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Membership in the OPEB by membership class at June 30, 2023, and 2022, is as follows:

	2023	2022
Active employees	112	120
Inactive employees entitled to but not receiving benefits	-	-
Inactive employees or beneficiaries currently receiving benefits	110	101
Total	222	221

Actuarial Assumptions: The total OPEB liability in the June 30, 2023 and June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Dates	June 30, 2023	June 30, 2021
Contribution Policy	Authority contributes full ADC	Authority contributes full ADC
Inflation	2.50%	2.50%
Projected salary increase	2.75%	2.75%
Investment rate of return	5.25%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust	5.25%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
Actuarial cost method	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay
Asset valuation method	Market value of assets	Market value of assets
Retirement age	SDCERS 2015-2022 Experience Study	SDCERS 2015-2019 Experience Study
Mortality	CalPERS 2000-2019 Experience Study	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021	Mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - 8.5% for next year, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 7.5% for next year, decreasing to an ultimate rate of 3.45% in 2076	Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare - 4.6% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Healthcare Participation of Future Retirees	90%	90%
Spousal Assumption for Future Retirees	Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 50% cover spouses at retirement	Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 50% cover spouses at retirement

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The long-term expected rate of return on the OPEB Plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return
Global Equity	23%	4.56%
Long US Treasuries	11%	0.29%
Mortgage-Backed Securities	11%	0.49%
Investment Grade Corporates	9%	1.56%
High Yield	9%	3.00%
Sovereigns	11%	2.76%
TIPS	9%	-0.08%
Comodities	3%	1.22%
REITs	14%	4.06%
	<u>100%</u>	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return		5.25%

Discount Rate: The discount rate used to measure the net OPEB liability (asset) at June 30, 2024, and June 30, 2023, was 5.25 percent. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

Changes in the Net OPEB Liability (Asset): Changes in the total OPEB liability, plan fiduciary net position, and the net OPEB asset through the year ended June 30, 2024, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
Balances as of June 30, 2023	\$ 30,537,516	\$ 30,093,110	\$ 444,406
Changes for the year:			
Service cost	517,853	-	517,853
Interest on total OPEB liability	1,604,101	-	1,604,101
Difference between expected and actual experience	(2,744,688)	-	(2,744,688)
Changes in assumptions	2,019,463	-	2,019,463
Employer contributions	-	1,002,148	(1,002,148)
Member contributions	-	-	-
Net investment income	-	474,185	(474,185)
Benefit payments	(1,002,148)	(1,002,148)	-
Administrative expense	-	(8,543)	8,543
Net changes	394,581	465,642	(71,061)
Balances as of June 30, 2024	\$ 30,932,097	\$ 30,558,752	\$ 373,345

San Diego County Regional Airport Authority

Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2022	\$ 29,372,019	\$ 33,729,495	\$ (4,357,476)
Changes for the year:			
Service cost	570,006	-	570,006
Interest on total OPEB liability	1,546,979	-	1,546,979
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	951,488	(951,488)
Member contributions	-	-	-
Net investment income	-	(3,627,823)	3,627,823
Benefit payments	(951,488)	(951,488)	-
Administrative expense	-	(8,562)	8,562
Net changes	1,165,497	(3,636,385)	4,801,882
Balances as of June 30, 2023	\$ 30,537,516	\$ 30,093,110	\$ 444,406

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Health Care Cost Trend

Rates: The net OPEB liability (asset) of the Airport Authority has been calculated using a discount rate of 5.25 percent. The following presents the net OPEB liability (asset) using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	1% Decrease 4.25%	Current Rate 5.25%	1% Increase 6.25%
Net OPEB liability (asset)	\$ 4,721,575	\$ 373,345	\$ (3,209,164)

The net OPEB liability (asset) of the Airport Authority has been calculated using health care cost trend rates of 8.5 percent decreasing to 3.45 percent in 2076 and thereafter for non-Medicare and 6.3 percent decreasing to 4.0 percent in 2076 for Medicare. The following presents the net OPEB liability (asset) using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

	1% Decrease	Trend Rate	1% Increase
Net OPEB liability (asset)	\$ (3,288,713)	\$ 373,345	\$ 4,807,790

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the

OPEB: For the years ended June 30, 2024, and 2023, the Airport Authority recognized OPEB expense (income), as measured in accordance with GASB 75, of \$1.4 million and \$0.9 million, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

San Diego County Regional Airport Authority

For June 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ 3,089,144	\$ -
Net difference between expected and actual experience	-	2,252,387
Changes in assumptions	1,924,189	-
Employer contributions made subsequent to June 30, 2023 measurement date	1,099,493	-
Total	<u>\$ 6,112,826</u>	<u>\$ 2,252,387</u>

For June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ 2,917,281	\$ -
Net difference between expected and actual experience	-	1,580,826
Changes in assumptions	1,958,025	72,921
Employer contributions made subsequent to June 30, 2022 measurement date	1,002,148	-
Total	<u>\$ 5,877,454</u>	<u>\$ 1,653,747</u>

The deferred outflows of resources at June 30, 2024, and June 30, 2023, related to OPEB resulting from Airport Authority contributions subsequent the measurement date and prior to year-end will be recognized as a reduction to the net OPEB liability in fiscal years 2025 and 2024, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2024, related to the OPEB will be recognized in OPEB expense as follows:

Years ended June 30,

2025	\$ 732,834
2026	506,241
2027	1,300,776
2028	221,095
	<u>\$ 2,760,946</u>

San Diego County Regional Airport Authority

NOTE 12. RISK MANAGEMENT

The Airport Authority has a comprehensive Risk Management Program comprised of commercial insurance, self-insurance, loss mitigation/prevention, loss control, and claims administration. The Airport Authority's coverage includes a variety of retentions or deductibles.

Commercially issued insurance:

- The Airport Authority maintains a minimum of \$500 million in limits for general liability insurance.
- The Airport Authority maintains a property insurance policy with minimum limits of \$750 million providing all risk and flood coverage for physical assets.
- The Airport Authority also maintains policies for workers' compensation, commercial auto, fiduciary liability, privacy and network security, crime, and public entity and employment practices liability, among others.

Self-insurance: Due to the exorbitant cost of earthquake insurance, the Airport Authority self-insures for losses due to earthquake damage. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from the Risk Management Program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency and the California Disaster Assistance Act. As of June 30, 2024, and 2023, the Airport Authority has designated \$14.6 million and \$13.8 million, respectively, from its net position, as an insurance contingency.

A \$2.0 million reserve has been established within unrestricted net position by the Airport Authority's management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no requirement that it be maintained.

Loss prevention: The Airport Authority has an active loss prevention program, staffed by a full-time risk manager, one risk analyst, a safety manager and two safety analysts. In addition, third party loss control engineers conduct safety surveys on an annual basis. Employees receive regular safety training and claims are monitored using a claims information system.

During fiscal year 2024, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements have not exceeded insurance coverage.

San Diego County Regional Airport Authority

NOTE 13. COMMITMENTS AND CONTINGENCIES

Commitments: As of June 30, 2024, and 2023, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

The Airport Authority has funds which have been classified as current assets, primarily for the unpaid contractual portion of capital projects that are currently in progress and will not be funded by grants or additional debt but will be funded through Airport Authority cash. These amounts are for the estimated cost of capital projects that have been authorized by the Board for construction planning to proceed and for the contractual costs of upgrading certain major equipment. At June 30, 2024, and 2023, these funds totaled approximately \$88.3 million and \$164 thousand, respectively, and are classified on the accompanying statements of net position as investments designated for specific capital projects and other commitments.

As part of the MOU, services provided by the District Harbor Police are required to be purchased by the Airport Authority as long as SDIA continues to operate at the current location. At the time of the transfer, the Airport Authority entered into a Master Services Agreement, a Police Services Agreement, and a Communications Services Agreement with the District, which described the services that the Airport Authority could purchase and the manner of calculating the payments for such services. The largest amount that became payable under any of these agreements is under the Police Services Agreement, which is for Harbor Police services. The district provides monthly billings to the Airport Authority, with payment generally due 30 days after the date of the invoice, and provision of appropriate supporting documentation. During the years ended June 30, 2024, and 2023, the Airport Authority expensed \$22.3 million and \$20.5 million, respectively, for these services.

In fiscal year 2019, the Board approved a \$38 million contract with Ace Parking Management Inc., for parking management services. As of June 30, 2024, \$36.0 million had been spent and the contract was completed in fiscal year 2024.

In fiscal year 2023, the Board approved a \$70.0 million contract with Ace Parking III, LLC for airport shuttle services. As of June 30, 2024, \$16.2 million has been spent for shuttle services and the contract is scheduled for completion in fiscal year 2027.

In fiscal year 2022, the Board approved a \$103.0 million contract with SP Plus Corporation to transport rental car companies' customers between the Rental Car Center facility and the terminals. The contract scope also includes the operation, management, and maintenance of the shuttle vehicles. As of June 30, 2024, \$22.3 million has been spent and the contract is scheduled for completion in fiscal year 2027.

In fiscal year 2019, the Board approved a \$19.5 million contract with AECOM Technical Services, Inc. for on call program management, staffing support and consulting services. In fiscal year 2020, the board approved additional \$134.8 million. As of June 30, 2024, \$109.4 million has been spent and the contract is scheduled for completion in fiscal year 2025.

In fiscal year 2021, the Board approved an \$80.0 million contract with Turner-Flatiron, A Joint Venture for the design-build of a terminal and roadways. In fiscal year 2022, the Board approved an additional \$2.5 billion. As of June 30, 2024, \$1.48 billion had been spent and the contract is scheduled for completion in early fiscal year 2028.

In fiscal year 2020, the Board approved a \$35.0 million contract with Jacobs Engineering Group, Inc. to provide Airside-Landside Engineering consulting services. As of June 30, 2024, \$29.3 million had been spent and the contract is scheduled for completion in fiscal year 2025.

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In fiscal year 2022, the Board approved a \$19.4 million contract with SOLPAC Construction Inc. dba Soltek Pacific Construction to construct Solid and Liquid waste facilities. In fiscal year 2023, the board approved an additional \$633 thousand. As of June 30, 2024, \$19.0 million had been spent and the contract was completed in fiscal year 2024.

In fiscal year 2021 the Board approved a \$97.6 million contract with Sundt Construction for the design-build of the administration building. As of June 30, 2024, \$96.3 million had been spent and the contract was completed in fiscal year 2024.

Contingencies: As of June 30, 2024, the Airport Authority is subject to contingencies arising from matters as described below:

The Airport Authority has leases and operating agreements with various tenants. These agreements typically include provisions requiring the tenants/operators to indemnify the Airport Authority for any damage to property or losses to the Airport Authority as a result of the tenant's operations. Also, the leases and operating agreements typically require the Airport Authority to be named as an additional insured under certain insurance policies of the tenants/operators. The Airport Authority also tenders these claims to its own insurers once they become asserted claims. When these types of claims are asserted against the Airport Authority, the Airport Authority not only vigorously opposes them but also vigorously seeks contribution and/or indemnity from all tenants/operators involved, from the tenants'/operators' insurers and from its own insurers. The Airport Authority's legal counsel cannot predict the net exposure to the Airport Authority with respect to these matters, or the probability or remoteness of any outcome.

The Airport Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, market risks and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

Required Supplementary Information (Unaudited)

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios

Defined Benefit Plan

Last 10 fiscal years (plan year reported in subsequent fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	\$ 7,147,242	\$ 6,980,223	\$ 7,970,646	\$ 7,857,035	\$ 7,632,696	\$ 7,390,428	\$ 6,996,180	\$ 6,205,263	\$ 6,154,579	\$ 6,099,481
Interest (includes interest on service cost)	17,355,715	16,489,161	15,693,834	14,257,205	13,355,418	12,621,226	11,416,679	10,277,610	9,327,538	8,465,485
Differences between expected and actual experience	4,182,916	(1,288,936)	(2,239,695)	925,862	(645,462)	(2,630,285)	3,975,029	(2,178,527)	345,661	-
Effect of changes of assumptions	-	-	-	6,767,000	-	6,416,088	5,871,218	10,473,890	-	-
Benefit payments, including refunds of member contributions	(9,295,008)	(8,578,375)	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,787)	(3,023,391)	(2,482,523)	(2,913,221)
Net change in total pension liability	19,390,865	13,602,073	12,603,826	23,073,160	13,912,993	19,334,706	23,589,319	21,754,845	13,345,255	11,651,745
Total pension liability - beginning	268,067,970	254,465,897	241,862,071	218,788,911	204,875,918	185,541,212	161,951,893	140,197,048	126,851,793	115,200,048
Total pension liability - ending	\$ 287,458,835	\$ 268,067,970	\$ 254,465,897	\$ 241,862,071	\$ 218,788,911	\$ 204,875,918	\$ 185,541,212	\$ 161,951,893	\$ 140,197,048	\$ 126,851,793
Plan Fiduciary Net Position:										
Contributions - employer	\$ 7,742,583	\$ 9,181,680	\$ 8,596,163	\$ 8,424,834	\$ 7,848,712	\$ 7,318,546	\$ 5,480,984	\$ 4,047,780	\$ 3,897,545	\$ 3,924,988
Contributions - employee	3,494,204	3,070,398	3,125,138	3,321,661	3,178,464	3,162,781	2,990,317	2,967,269	2,840,236	2,765,079
Net investment income	13,293,511	(4,188,463)	53,140,343	390,013	12,086,349	14,036,710	19,480,875	1,651,283	4,390,185	18,302,683
Benefit payments, including refunds of member contributions	(9,295,008)	(8,578,375)	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,786)	(3,023,391)	(2,482,523)	(2,913,221)
Administrative expense	(504,882)	(461,899)	(423,018)	(386,698)	(359,095)	(350,408)	(325,042)	(318,817)	(332,290)	(332,645)
Net change in plan fiduciary net position	14,730,408	(976,659)	55,617,667	5,015,868	16,324,771	19,704,878	22,957,348	5,324,124	8,313,153	21,746,884
Plan fiduciary net position - beginning	262,484,284	263,460,943	207,843,276	202,827,408	186,502,637	166,797,759	143,840,411	138,516,287	130,203,134	108,456,250
Plan fiduciary net position - ending	\$ 277,214,692	\$ 262,484,284	\$ 263,460,943	\$ 207,843,276	\$ 202,827,408	\$ 186,502,637	\$ 166,797,759	\$ 143,840,411	\$ 138,516,287	\$ 130,203,134
Net pension liability (asset) - ending	\$ 10,244,143	\$ 5,583,686	\$ (8,995,046)	\$ 34,018,795	\$ 15,961,503	\$ 18,373,281	\$ 18,743,453	\$ 18,111,482	\$ 1,680,761	\$ (3,351,341)
Plan fiduciary net position as a percentage of the total pension liability	96.44%	97.92%	103.53%	85.93%	92.70%	91.03%	89.90%	88.82%	98.80%	102.64%
Covered payroll	\$ 32,528,943	\$ 30,809,714	\$ 33,328,788	\$ 32,828,449	\$ 31,584,841	\$ 31,628,301	\$ 31,131,795	\$ 29,189,357	\$ 27,955,455	\$ 26,380,323
Net pension liability as a percentage of covered payroll	31.49%	18.12%	(26.99%)	103.63%	50.54%	58.09%	60.21%	62.05%	6.01%	(12.70%)

Notes to Required Supplementary Information for the Year Ended June 30, 2024

Significant Assumption Changes: The following were significant changes in assumption for the year presented in the schedule above.

2021 – Based on the results of a comprehensive experience study, the base mortality assumptions were updated.

2019 – The discount rate was reduced from 6.75% to 6.50%.

2018 – The discount rate was reduced from 7.00% to 6.75%.

2017 – Based on the results of a comprehensive experience study, the base mortality assumptions were updated. Additionally, the discount rate was reduced from 7.125% to 7.0%, and the wage inflation assumption was reduced by 0.125%, bringing it down to 3.05%.

Changes of benefit terms: There were no significant changes of benefit terms for the plan years shown.

Schedule of Contributions

Defined Benefit Plan

Last 10 fiscal years (dollars in thousands)

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 4,960	\$ 4,944	\$ 6,570	\$ 6,125	\$ 6,159
Contributions in relation to the actuarially determined contribution	7,939	7,664	9,102	8,522	8,356
Contribution deficiency (excess)	\$ (2,979)	\$ (2,720)	\$ (2,532)	\$ (2,397)	\$ (2,197)
Covered payroll	\$ 37,283	\$ 32,529	\$ 32,529	\$ 33,329	\$ 32,828
Contributions as a percentage of covered payroll	21.29%	23.56%	27.98%	25.57%	25.45%

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 5,740	\$ 5,416	\$ 3,765	\$ 3,666	\$ 3,823
Contributions in relation to the actuarially determined contribution	7,783	7,247	5,421	3,948	3,823
Contribution deficiency (excess)	\$ (2,043)	\$ (1,831)	\$ (1,656)	\$ (282)	\$ -
Covered payroll	\$ 31,585	\$ 31,628	\$ 31,132	\$ 29,189	\$ 27,955
Contributions as a percentage of covered payroll	24.64%	22.91%	17.41%	13.53%	13.68%

* This schedule is presented for the fiscal year.

Schedule of Changes in the Net Pension Liability and Related Ratios

Preservation of Benefits Trust

Last 8 fiscal years (plan year reported in subsequent fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability								
Service cost	\$ 39,567	\$ 68,342	\$ 88,557	\$ 55,276	\$ 49,343	\$ 51,774	\$ 60,994	\$ 29,270
Interest cost	57,310	51,359	54,559	62,061	64,133	53,311	35,323	34,173
Differences between expected and actual experience	(702,599)	(381,597)	(195,545)	(57,318)	(64,295)	193,013	388,329	-
Changes of assumptions	(17,243)	(437,754)	22,116	661,465	109,070	(89,712)	(214,765)	272,579
Benefit Payments	(29,871)	(59,667)	(41,662)	(43,301)	(47,081)	(31,329)	-	
Net Change in Total Pension Liability	(652,836)	(759,317)	(71,975)	678,183	111,170	177,057	269,881	336,022
Total pension liability - beginning	1,614,123	2,373,440	2,445,415	1,767,232	1,656,062	1,479,005	1,209,124	873,102
Total pension liability - ending	\$ 961,287	\$ 1,614,123	\$ 2,373,440	\$ 2,445,415	\$ 1,767,232	\$ 1,656,062	\$ 1,479,005	\$ 1,209,124
Covered employee payroll	\$ 32,528,943	\$ 30,809,714	\$ 33,328,788	\$ 32,828,449	\$ 31,584,841	\$ 31,628,301	\$ 31,131,795	\$ 29,189,357
Net Pension Liability as a percentage of payroll	2.96%	5.24%	7.12%	7.45%	5.60%	5.24%	4.75%	4.14%

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual changes in the total pension liability. Until such time has elapsed after implementing GASB Statement No. 74, this schedule will only present information from the years that are available.

Schedule of Contributions

Preservation of Benefits Trust

Last 7 fiscal years (in thousands)

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	9	21	52	43	41	45	57
Contribution deficiency (excess)	\$ (9)	\$ (21)	\$ (52)	\$ (43)	\$ (41)	\$ (45)	\$ (57)
Covered payroll	\$ 37,283	\$ 32,529	\$ 30,810	\$ 33,329	\$ 32,828	\$ 31,585	\$ 31,628
Contributions as a percentage of covered employee payroll	0.02%	0.06%	0.17%	0.13%	0.13%	0.14%	0.18%

* This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual pension contributions. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from the years that are available.

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios

Other Postemployment Benefits

Last 7 fiscal years (plan year reported in subsequent fiscal year)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 517,853	\$ 570,006	\$ 446,233	\$ 501,198	\$ 449,596	\$ 436,501	\$ 411,052
Interest cost	1,604,101	1,546,979	1,829,473	1,739,459	1,883,080	1,772,578	1,606,959
Difference between expected and actual experience	(2,744,688)	-	(3,669,756)	-	(169,582)	-	-
Changes of Assumptions	2,019,463	-	4,568,725	-	(1,531,369)	-	766,830
Benefit Payments	(1,002,148)	(951,488)	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Net Change in Total OPEB Liability	394,581	1,165,497	2,255,213	1,455,812	(143,500)	1,586,654	2,333,652
Total OPEB Liability (Beginning)	30,537,516	29,372,019	27,116,806	25,660,994	25,804,494	24,217,840	21,884,188
Total OPEB Liability (Ending)	\$ 30,932,097	\$ 30,537,516	\$ 29,372,019	\$ 27,116,806	\$ 25,660,994	\$ 25,804,494	\$ 24,217,840
Plan Fiduciary Net Position							
Contributions—Employer	\$ 1,002,148	\$ 951,488	\$ 919,462	\$ 784,845	\$ 775,225	\$ 622,425	\$ 2,012,419
Net Investment Income	474,185	(3,627,823)	4,973,926	982,113	1,604,058	1,896,351	2,175,582
Benefit Payments	(1,002,148)	(951,488)	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Administrative Expense	(8,543)	(8,562)	(10,452)	(13,580)	(5,611)	(12,568)	(10,578)
Net Change in Plan Fiduciary Net Position	465,642	(3,636,385)	4,963,474	968,533	1,598,447	1,883,783	3,726,234
Plan Fiduciary Net Position (Beginning)	30,093,110	33,729,495	28,766,021	27,797,488	26,199,041	24,315,258	20,589,024
Plan Fiduciary Net Position (Ending)	\$ 30,558,752	\$ 30,093,110	\$ 33,729,495	\$ 28,766,021	\$ 27,797,488	\$ 26,199,041	\$ 24,315,258
Net OPEB Liability (Asset)	\$ 373,345	\$ 444,406	\$ (4,357,476)	\$ (1,649,215)	\$ (2,136,494)	\$ (394,547)	\$ (97,418)
Net Position as a percentage of OPEB liability	98.79%	98.54%	114.84%	106.08%	108.33%	101.53%	100.40%
Covered employee payroll	\$ 14,296,047	\$ 14,493,921	\$ 12,786,000	\$ 14,608,940	\$ 13,869,000	\$ 16,625,857	\$ 16,141,609
Net OPEB Asset as a Percentage of Payroll	2.61%	3.07%	(34.08%)	(11.29%)	(15.40%)	(2.37%)	(0.60%)

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual charges in the net OPEB liability (asset). Until such time has elapsed after implementing information GASB Statement No. 75, this schedule will only present from the years that are available.

Notes to Required Supplementary Information for the Year Ended June 30, 2024

Significant Assumption Changes: The following were significant changes in assumption for the year presented in the schedule above.

2024 – Medical trend assumptions increased 2.0% to 8.5% for non-Medicare, and 1.85% to 7.5% for Medicare.

2022 - The discount rate and long-term expected rate of return on assets were reduced from 6.75% to 5.25%.

2020 - Reduction of the discount rate from 7.28% to 6.75%. The addition of a DROP assumption and other changes due to change in actuary and systems.

2018 - Increase in future plan participation assumption. Changes in spouse assumption. Update to the mortality assumption.

Changes of benefit terms: There were no significant changes of benefit terms for the plan years shown.

Schedule of Contributions

Other Postemployment Benefits

Last 7 fiscal years (dollars in thousands)

	2024	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 581	\$ 264	\$ 326	\$ 365	\$ 427	\$ 486
Contributions in relation to the actuarially determined contribution	1,099	1,002	951	919	785	339
Contribution deficiency (excess)	\$ (518)	\$ (738)	\$ (625)	\$ (554)	\$ (358)	\$ 147
Covered employee payroll	\$ 13,260	\$ 14,296	\$ 14,494	\$ 12,786	\$ 14,609	\$ 13,869
Contributions as a percentage of covered employee payroll	8.29%	7.01%	6.56%	7.19%	5.37%	2.44%

* This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual OPEB contributions. Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from the years that are available.



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APPENDIX C-1

CERTAIN DEFINITIONS

The following are definitions of certain terms used in this Official Statement including the summaries of the Master Senior Indenture, the Sixth Supplemental Senior Indenture and the Master Subordinate Indenture found in Appendices C-2, C-3 and C-4, respectively.

“*Account*” means any account established pursuant to the Master Senior Indenture or any Supplemental Senior Indenture or Master Subordinate Indenture or any Supplemental Subordinate Indenture, as the case may be.

“*Accreted Value*” means

(a) with respect to any Capital Appreciation Senior Bonds or Capital Appreciation Subordinate Obligations, as the case may be, as of any date of calculation, the sum of the amount set forth in a Supplemental Senior Indenture or a Supplemental Subordinate Indenture, as the case may be, as the amount representing the initial principal amount of such Capital Appreciation Senior Bond or Capital Appreciation Subordinate Obligation, as the case may be, plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or

(b) with respect to Original Issue Discount Senior Bonds or Original Issue Discount Subordinate Obligations, as the case may be, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Senior Bonds or Original Issue Discount Subordinate Obligations, as the case may be, plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value will be determined in accordance with the provisions of the Supplemental Senior Indenture or the Supplemental Subordinate Indenture, as the case may be. authorizing the issuance of such Capital Appreciation Senior Bonds or Original Issue Discount Senior Bonds or Capital Appreciation Subordinate Obligations or Original Issue Discount Subordinate Obligations, as the case may be. All references in the Master Senior Indenture or the Master Subordinate Indenture to “principal” will include Accreted Value, as applicable.

“*Act*” means Section 170000 *et seq.* of the California Public Utilities Code, as amended from time to time.

“*Airport Authority*” or “*Authority*” means the San Diego County Regional Airport Authority, created under the provisions of the Act, and any successor to its function. Any action required or authorized to be taken by the Airport Authority in the Master Senior Indenture or the Master Subordinate Indenture, as the case may be, may be taken by the Authorized Authority Representative with such formal approvals by the Airport Authority as are required by the policies and practices of the Airport Authority and applicable laws; provided, however, that actions taken by the Authorized Authority Representative in accordance with the provisions of the Master Senior Indenture or the Master Subordinate Indenture, as the case may be, will conclusively be deemed by the Senior Trustee or the Subordinate Trustee, as the case may be, and the Owners to be the act of the Airport Authority without further evidence of the authorization thereof by the Airport Authority.

“*Airport Facilities*” or “*Airport Facility*” means a facility or group of facilities or category of facilities which constitute or are part of the Airport System.

“*Airport System*” means all airports, airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce under the jurisdiction and control of the Airport Authority, including San Diego International Airport (Lindbergh Field), and any successor entities thereto, including all facilities and property related thereto, real or personal, under the jurisdiction or control of the Airport Authority or in which the Airport Authority has other rights or from which the Airport Authority derives revenues at such location; and including or excluding, as the case may be, such property as the Airport Authority may either acquire or which will be placed under its control, or divest or have removed from its control.

“*Authorized Authority Representative*” means the President/CEO of the Airport Authority (previously known as the Executive Director of the Airport Authority), or such other officer or employee of the Airport Authority or other person which other officer, employee or person has been designated by the President/CEO as an Authorized Authority Representative by written notice delivered by the President/CEO to the Senior Trustee or the Subordinate Trustee, as the case may be.

“*Authorized Denominations*” means \$5,000 principal amount and integral multiples thereof.

“*Balloon Indebtedness*” means, with respect to any Series of Senior Bonds or Subordinate Obligations, as the case may be, 50% or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness the amount of Senior Bonds or Subordinate Obligations, as the case may be, of a Series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the amount of such Series which matures during any Fiscal Year. For purposes of this definition, the principal amount maturing on any date will be reduced by the amount of such Senior Bonds or Subordinate Obligations, as the case may be, scheduled to be amortized by prepayment or redemption prior to their stated maturity date. A Senior Commercial Paper Program and the Commercial Paper constituting part of such Senior Program will not be Balloon Indebtedness. A Subordinate Commercial Paper Program and the Commercial Paper constituting part of such Subordinate Program will not be Balloon Indebtedness.

“*Beneficial Owner*” means, whenever used with respect to a Senior Bond or a Subordinate Obligation, as the case may be, the person in whose name such Senior Bond or Subordinate Obligation, as the case may be, is recorded as the beneficial owner of such Senior Bond or Subordinate Obligation, as the case may be, by a Participant on the records of such Participant or such person’s subrogee.

“*Board*” means the board of directors of the Airport Authority established pursuant to the provisions of the Act.

“*Bond Counsel*” means a firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under the Master Senior Indenture or the Master Subordinate Indenture, as the case may be, and which are acceptable to the Airport Authority.

“*Bondholder*,” “*Holder*,” “*holder*,” “*Owner*,” “*owner*” or “*registered owner*” means

(a) the person in whose name any Senior Bond or Senior Bonds are registered on the books maintained by the Senior Registrar and will include any Credit Provider or Liquidity Provider to which a Senior Repayment Obligation is then owed, to the extent that such Senior Repayment Obligation is deemed to be a Senior Bond under the provisions of the Master Senior Indenture; and

(b) the person in whose name any Subordinate Obligation or Subordinate Obligations are registered on the books maintained by the Subordinate Registrar and will include any Credit Provider or Liquidity Provider to which a Subordinate Repayment Obligation is then owed, to the extent that such Subordinate Repayment Obligation is deemed to be a Subordinate Obligation under the provisions of the Master Subordinate Indenture.

“Business Day” means a day on which banks located in New York, New York, in San Diego, California, and in the city in which the principal corporate trust office of the Senior Trustee or the Subordinate Trustee, as the case may be, is located are open, provided that such term may have a different meaning for any specified Series of Senior Bonds if so provided by Supplemental Senior Indenture or any specified Series of Subordinate Obligations if so provided by Supplemental Subordinate Indenture.

“Capital Appreciation Senior Bonds” means Senior Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Senior Indenture and is payable only upon redemption or on the maturity date of such Senior Bonds. Senior Bonds which are issued as Capital Appreciation Senior Bonds, but later convert to Senior Bonds on which interest is paid periodically will be Capital Appreciation Senior Bonds until the conversion date and from and after such conversion date will no longer be Capital Appreciation Senior Bonds, but will be treated as having a principal amount equal to their Accreted Value on the conversion date.

“Capital Appreciation Subordinate Obligations” means Subordinate Obligations all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Subordinate Indenture and is payable only upon redemption or on the maturity date of such Subordinate Obligations. Subordinate Obligations which are issued as Capital Appreciation Subordinate Obligations, but later convert to Subordinate Obligations on which interest is paid periodically will be Capital Appreciation Subordinate Obligations until the conversion date and from and after such conversion date will no longer be Capital Appreciation Subordinate Obligations, but will be treated as having a principal amount equal to their Accreted Value on the conversion date.

“Code” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable with respect thereto.

“Commercial Paper” means notes of the Airport Authority with a maturity of not more than 270 days from the date of issuance and which are issued and reissued from time to time pursuant to a Senior Program or a Subordinate Program, as the case may be, adopted by the Airport Authority.

“Consultant” means any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, financial advisory or investment banking firm, or other expert recognized to be well-qualified for work of the character required and retained by the Airport Authority to perform acts and carry out the duties provided for such consultant in the Master Senior Indenture or the Master Subordinate Indenture, as the case may be.

“Costs” or *“Costs of a Project”* means all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service and will include, but not be limited to the following: (a) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (b) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (c) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee

of the Airport Authority or a Consultant; (d) costs of the Airport Authority properly allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (e) financing expenses, including costs related to issuance of and securing of Senior Bonds and Subordinate Obligations, costs of Credit Facilities, Liquidity Facilities, Senior Capitalized Interest, Subordinate Capitalized Interest, a Senior Debt Service Reserve Fund, if any, a Subordinate Debt Service Reserve Fund, if any, Senior Trustee's fees and expenses and Subordinate Trustee's fees and expenses; (f) any Senior Swap Termination Payment due in connection with a Series of Senior Bonds or the failure to issue such Series of Senior Bonds, (g) Subordinate Swap Termination Payments due in connection with a Series of Subordinate Obligations or the failure to issue such Series of Subordinate Obligations, and (h) such other costs and expenses that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the Airport Authority.

"Costs of Issuance" means all costs and expenses incurred by the Airport Authority in connection with the issuance of the Senior Series 2025 Bonds, including, but not limited to, costs and expenses of printing and copying documents, the preliminary and final official statements and the Senior Series 2025 Bonds, underwriters' compensation and the fees, costs and expenses of rating agencies, the Subordinate Trustee, counsel, accountants, financial advisors, feasibility consultants and other consultants.

"Credit Facility" means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Senior Debt Service Reserve Fund Surety Policy, Subordinate Debt Service Reserve Fund Surety Policy or other financial instrument which obligates a third party to make payment of or provide funds to the Senior Trustee or the Subordinate Trustee, as the case may be, for the payment of the principal of and/or interest on Senior Bonds or Subordinate Obligations, as the case may be, whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the Airport Authority fails to do so.

"Credit Provider" means the party obligated to make payment of principal of and/or interest on the Senior Bonds or the Subordinate Obligations, as the case may be, under a Credit Facility.

"Customer Facility Charge" means a customer facility charge authorized to be imposed by the Airport Authority in accordance with Section 1936 of the California Civil Code or any other applicable State law.

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

"Executive Director" means the person at a given time who is the executive director of the Airport Authority, as provided for in the Act, or such other title as the Airport Authority may from time to time assign for such position, including, but not limited to President/CEO, and the officer or officers succeeding to such position as certified to the Senior Trustee or the Subordinate Trustee, as the case may be, by the Airport Authority.

"Facilities Construction Credit" and *"Facilities Construction Credits"* means the amounts further described in the Master Senior Indenture resulting from an arrangement embodied in a written agreement of the Airport Authority and another person or entity pursuant to which the Airport Authority permits such person or entity to make a payment or payments to the Airport Authority which is reduced by the amount owed by the Airport Authority to such person or entity under such agreement, resulting in a net payment to the Airport Authority by such person or entity. The *"Facilities Construction Credit"* will be deemed to be the amount owed by the Airport Authority under such agreement which is "netted" against the payment of

such person or entity to the Airport Authority. Facilities Construction Credits are sometimes referred to as “rental credits.”

“*Federal Direct Payments*” means amounts payable by the federal government to the Airport Authority pursuant to Sections 54AA and 6431 of the Code, and any amendments thereto, in connection with the Airport Authority’s issuance of Senior Bonds or Subordinate Obligations, in lieu of any credit otherwise available to the bondholders of such Senior Bonds or Subordinate Obligations.

“*Fiscal Year*” means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other similar period as the Airport Authority designates as its fiscal year.

“*Fitch*” means Fitch Ratings, its successors and its assigns, and, if such corporation will for any reason no longer perform the functions of a securities rating agency, “Fitch” will be deemed to refer to any nationally recognized rating agency designated by the Airport Authority.

“*Fifth Supplemental Senior Indenture*” means the Fifth Supplemental Trust Indenture, dated as of October 1, 2023, by and between the Airport Authority and the Senior Trustee.

“*Fund*” means any fund established pursuant to the Master Senior Indenture or any Supplemental Senior Indenture or Master Subordinate Indenture or any Supplemental Subordinate Indenture, as the case may be.

“*General Counsel*” means the in-house general counsel to the Airport Authority who is responsible for representing the Airport Authority on legal matters.

“*Government Obligations*” means (a) United States Obligations (including obligations issued or held in book-entry form), (b) prerefunded municipal obligations meeting the following conditions: (i) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (iii) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (iv) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (v) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (vi) the municipal obligations are rated in their highest rating category by one or more of the Rating Agencies, but only if such Rating Agencies have been requested by the Airport Authority to maintain a rating on the Senior Bonds or the Subordinate Obligations, as the case may be, and such Rating Agencies are then maintaining a rating on any of the Senior Bonds or the Subordinate Obligations, as the case may be; and (c) any other type of security or obligation which the Rating Agencies then maintaining ratings on the Senior Bonds or the Subordinate Obligations, as the case may be, to be defeased have determined to be permitted defeasance securities.

“Implemented” means,

(a) when used with respect to a Senior Program, a Senior Program which has been authorized and the terms thereof approved by a resolution adopted by the Board and, with respect to which Senior Program, the items described the Master Senior Indenture have been filed with the Senior Trustee; and

(b) when used with respect to a Subordinate Program, a Subordinate Program which has been authorized and the terms thereof approved by a resolution adopted by the Board and, with respect to which Subordinate Program, the items described the Master Subordinate Indenture have been filed with the Subordinate Trustee.

“Independent” means, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the Airport Authority, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the Airport Authority as an official, officer or employee.

“Liquidity Facility” means a letter of credit, line of credit, standby purchase agreement or other financial instrument, including a Credit Facility, which is available to provide funds with which to purchase Senior Bonds or Subordinate Obligations, as the case may be.

“Liquidity Provider” means the entity, including a Credit Provider, which is obligated to provide funds to purchase Senior Bonds or Subordinate Obligations, as the case may be, under the terms of a Liquidity Facility.

“Mail” means by first-class United States mail, postage prepaid.

“Master Senior Indenture” means the Master Trust Indenture, dated as of November 1, 2005, as amended from time to time, by and between the Airport Authority and the Senior Trustee, under which the Senior Series 2025 Bonds are authorized and secured.

“Master Subordinate Indenture” means the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended from time to time, between the Airport Authority and the Subordinate Trustee.

“Moody’s” means Moody’s Investors Service Inc., its successors and its assigns, and, if such corporation will for any reason no longer perform the functions of a securities rating agency, “Moody’s” will be deemed to refer to any other nationally recognized rating agency designated by the Airport Authority.

“Net Proceeds” means insurance proceeds received as a result of damage to or destruction of Airport Facilities or any condemnation award or amounts received by the Airport Authority from the sale of Airport Facilities under the threat of condemnation less expenses (including attorneys’ fees and expenses and any fees and expenses of the Senior Trustee or the Subordinate Trustee, as the case may be) incurred in the collection of such proceeds or award.

“Net Revenues” means, for any given period, the Revenues for such period, less the Operation and Maintenance Expenses of the Airport System for such period.

“Operation and Maintenance Expenses of the Airport System” means for any given period, the total operation and maintenance expenses of the Airport System as determined in accordance with generally

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

“Operation and Maintenance Reserve Subaccount” mean the “Operation and Maintenance Reserve Subaccount” created by the Airport Authority within the Revenue Account pursuant to the provisions of the Master Senior Indenture.

“Operation and Maintenance Reserve Subaccount Requirement” means, as of any date of calculation, an amount equal to one-fourth of the current annual budget of the Airport Authority for Operation and Maintenance Expenses of the Airport System or such higher amount as may be established by the Airport Authority from time to time.

“Operation and Maintenance Subaccount” means the “Operation and Maintenance Subaccount” created by the Airport Authority within the Revenue Account pursuant to the provisions of the Master Senior Indenture.

“Original Issue Discount Senior Bonds” means Senior Bonds which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Senior Bonds by the Supplemental Senior Indenture under which such Senior Bonds are issued.

“Original Issue Discount Subordinate Obligations” means Subordinate Obligations which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Subordinate Obligations by the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued.

“Outstanding” means:

(1) when used with respect to Senior Bonds means all Senior Bonds which have been authenticated and delivered under the Master Senior Indenture, except:

(a) Senior Bonds cancelled or purchased by the Senior Trustee for cancellation or delivered to or acquired by the Senior Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Senior Bonds deemed to be paid in accordance with the Master Senior Indenture;

(c) Senior Bonds in lieu of which other Senior Bonds have been authenticated under the provisions of the Master Senior Indenture;

(d) Senior Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Senior Trustee or a Senior Paying Agent;

(e) Senior Bonds which, under the terms of the Supplemental Senior Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(f) Senior Repayment Obligations deemed to be Senior Bonds under the Master Senior Indenture to the extent such Senior Repayment Obligation arose under the terms of a

Liquidity Facility and are secured by a pledge of Outstanding Senior Bonds acquired by the Liquidity Provider; and

(g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Senior Bonds under the Master Senior Indenture, Senior Bonds held by or for the account of the Airport Authority or by any person controlling, controlled by or under common control with the Airport Authority, unless such Senior Bonds are pledged to secure a debt to an unrelated party.

(2) when used with respect to Subordinate Obligations means all Subordinate Obligations which have been authenticated and delivered under the Master Subordinate Indenture, except:

(a) Subordinate Obligations cancelled or purchased by the Subordinate Trustee for cancellation or delivered to or acquired by the Subordinate Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Subordinate Obligations deemed to be paid in accordance with the Master Subordinate Indenture;

(c) Subordinate Obligations in lieu of which other Subordinate Obligations have been authenticated under the Master Subordinate Indenture;

(d) Subordinate Obligations that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Subordinate Trustee or a Subordinate Paying Agent;

(e) Subordinate Obligations which, under the terms of the Supplemental Subordinate Indenture pursuant to which they were issued, are deemed to be no longer outstanding;

(f) Subordinate Repayment Obligations deemed to be Subordinate Obligations under the Master Subordinate Indenture to the extent such Subordinate Repayment Obligation arose under the terms of a Liquidity Facility and are secured by a pledge of Outstanding Subordinate Obligations acquired by the Liquidity Provider; and

(g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Subordinate Obligations under the Master Subordinate Indenture, Subordinate Obligations held by or for the account of the Airport Authority or by any person controlling, controlled by or under common control with the Airport Authority, unless such Subordinate Obligations are pledged to secure a debt to an unrelated party.

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

“*Passenger Facility Charges*” means charges received and collected by the Airport Authority pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 and 14 CFR Part 158, as amended from time to time, in respect of any component of the Airport System and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

“Payment Date” means, with respect to any Senior Bonds or Subordinate Obligations, as the case may be, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

“President/CEO” means the person at a given time who is the President and CEO of the Airport Authority, as provided for in the Act, or such other title as the Airport Authority may from time to time assign for such position, including, but not limited to Executive Director, and the officer or officers succeeding to such position as certified to the Senior Trustee or the Subordinate Trustee, as the case may be, by the Airport Authority.

“Project” means any and all facilities, improvements and other expenditures related to the Airport System financed in whole or in part with proceeds of a Series of Senior Bonds or Subordinate Obligations.

“Rating Agency” and *“Rating Agencies”* means Fitch or Moody’s or S&P, or any other nationally recognized rating agency of municipal obligations, but only if such Rating Agencies have been requested by the Airport Authority to maintain a rating on the Senior Bonds or the Subordinate Obligations, as the case may be, and such Rating Agencies are then maintaining a rating on any of the Senior Bonds or Subordinate Obligations, as the case may be.

“Rating Category” and *“Rating Categories”* means (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.

“Record Date” means, (a) with respect to any Series of Senior Bonds, the record date as specified in the Supplemental Senior Indenture which provides for the issuance of such Series; (b) for purposes of the Master Subordinate Indenture and with respect to any Series of Subordinate Obligations, the record date as specified in the Supplemental Subordinate Indenture which provides for the issuance of such Series; and (c) for purposes of the Sixth Supplemental Senior Indenture, for a January 1 Interest Payment Date the preceding December 15 and for a July 1 Interest Payment Date the preceding June 15.

“Refunding Senior Bonds” means any Senior Bonds issued pursuant to the Master Senior Indenture to refund or defease all or a portion of any series of Outstanding Senior Bonds.

“Refunding Subordinate Obligations” means any Subordinate Obligations issued pursuant to the Master Subordinate Indenture to refund or defease all or a portion of any series of Outstanding Subordinate Obligations.

“Regularly Scheduled Swap Payments” means the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

“Released Revenues” means Revenues in respect of which the following have been filed with the Senior Trustee:

- (a) a resolution of the Board describing a specific identifiable portion of Revenues and approving that such Revenues be excluded from the term Revenues;
- (b) either (i) a certificate prepared by an Authorized Authority Representative showing that Net Revenues for each of the two most recent completed Fiscal Years, after the specific identifiable portion of Revenues covered by the Board’s resolution described in (a) above are

excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits and payments pursuant to the flow of funds set forth in the Master Senior Indenture (see “SECURITY OF SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Flow of Funds” in the forepart of this Official Statement), or (B) an amount not less than 150% of average Senior Aggregate Annual Debt Service for each Fiscal Year during the remaining term of all Senior Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues; or (ii) a certificate prepared by a Consultant showing that the estimated Net Revenues (excluding the specific identifiable portion of Revenues covered in the resolution adopted by the Board described in (a) above) for each of the first three complete Fiscal Years immediately following the Fiscal Year in which the resolution described in (a) above is adopted by the Board, will not be less than the larger of (A) the amounts needed for making the required deposits and payments pursuant to the flow of funds set forth in the Master Senior Indenture (see “SECURITY OF SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Flow of Funds” in the forepart of this Official Statement), or (B) an amount not less than 150% of the average Senior Aggregate Annual Debt Service for each Fiscal Year during the remaining term of all Senior Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of Revenues;

(c) an opinion of Bond Counsel to the effect that the exclusion of such specific identifiable portion of revenues from the definition of Revenues and from the pledge and lien of the Master Senior Indenture will not, in and of itself, cause the interest on any Outstanding Senior Bonds to be included in gross income for purposes of federal income tax; and

(d) written confirmation from each of Fitch, Moody’s and S&P (provided such Rating Agencies have been requested by the Airport Authority to maintain a rating on the Senior Bonds and such Rating Agencies are then maintaining a rating on any of the Senior Bonds) to the effect that the exclusion of such specific identifiable portion of Revenues from the pledge and lien of the Master Senior Indenture will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Senior Bonds.

Upon filing of such documents, the specific identifiable portion of Revenues described in the resolution of the Board will no longer be included in Revenues and will be excluded from the pledge and lien of the Master Senior Indenture, unless otherwise included in Revenues and in the pledge and lien of the Master Senior Indenture pursuant to a Supplemental Senior Indenture.

“*Renewal and Replacement Subaccount*” means the “Renewal and Replacement Subaccount” created by the Airport Authority within the Revenue Account pursuant to the Master Senior Indenture.

“*Renewal and Replacement Subaccount Requirement*” means, as of any date of calculation, such minimum amount as will be established by the Airport Authority from time to time.

“*Revenue Account*” means the “Revenue Account” created by the Airport Authority within the Revenue Fund pursuant to the provisions of the Master Senior Indenture.

“*Revenue Fund*” means the “San Diego County Regional Airport Authority Revenue Fund” established by the Airport Authority and held and maintained by the Airport Authority for the purpose of depositing all Revenues and other moneys and funds not included in Revenues.

“*Revenues*” means, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by the Airport Authority from the operation and ownership of the Airport System, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to, (a) rates, tolls, fees, rentals, charges and other payments made to or

owed to the Airport Authority for the use or availability of the Airport System, and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Airport Authority, including rental or business interruption insurance proceeds, received by, held by, accrued to or entitled to be received by the Airport Authority or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Airport Authority receives payments which are attributable to the Airport System or activities or undertakings related thereto. Additionally, "Revenues" will also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any earning allowed to be pledged by the terms of a Supplemental Senior Indenture to fund the Senior Construction Fund) from the investment of amounts held in the Revenue Account, any Senior or Subordinate Construction Fund, any Senior or Subordinate Debt Service Fund (except Senior or Subordinate Capitalized Interest, as the case may be, on deposit therein), any Senior Debt Service Reserve Fund, any Subordinate Debt Service Reserve Fund and such additional revenues, if any, as are designated as "Revenues" under the terms of any Supplemental Senior Indenture. The following, including any investment earnings thereon, are specifically excluded from Revenues: (i) any amounts received by the Airport Authority from the imposition of ad valorem taxes, (ii) gifts, grants and other income (including any investment earnings thereon) otherwise included in this definition of "Revenues" which are restricted by their terms to purposes inconsistent with the payment of debt service on the Senior Bonds, (iii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Senior Bonds (except to the extent Net Proceeds are utilized to pay Operation and Maintenance Expenses of the Airport System), and (iv) Special Facilities Revenue (to the extent there is no excess Special Facilities Revenue as described in the Master Senior Indenture). In addition, the following, including any investment earnings thereon, are specifically excluded from "Revenues," unless designated as "Revenues" under the terms of a Supplemental Senior Indenture or pursuant to a certificate of an Authorized Authority Representative: (A) any Senior or Subordinate Swap Termination Payments paid to the Airport Authority pursuant to a Senior Qualified Swap or a Subordinate Qualified Swap, as the case may be, (B) Facilities Construction Credits, (C) Passenger Facility Charges, (D) Released Revenues, (E) subject to (ii) in the previous sentence, grants and other charges authorized on or after the date of the Master Senior Indenture by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, (F) investment income derived from any moneys or securities which may be placed in escrow or trust to defease Senior Bonds or Subordinate Obligations, as the case may be, (G) any arbitrage earnings which are required to be paid to the U.S. Government pursuant to Section 148 of the Code, (H) Senior or Subordinate Capitalized Interest, (I) Customer Facility Charges, and (J) Federal Direct Payments. Further, interest earnings or other investment earnings on any Senior or Subordinate Construction Fund established by any Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be, are specifically excluded from "Revenues," unless otherwise provided for in such Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be.

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

"Senior Aggregate Annual Debt Service" means for any Fiscal Year the aggregate amount of Senior Annual Debt Service on all Outstanding Senior Bonds and Unissued Senior Program Bonds. For purposes of calculating Senior Aggregate Annual Debt Service, the following components of debt service will be computed as follows:

- (a) in determining the amount of principal to be funded in each year, payment will (unless a different subsection of this definition applies for purposes of determining principal

maturities or amortization) be assumed to be made on Outstanding Senior Bonds and Unissued Senior Program Bonds in accordance with any amortization schedule established by the governing documents setting forth the terms of such Senior Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Senior Bonds or Original Issue Discount Senior Bonds maturing or scheduled for redemption in such year; in determining the amount of interest to be funded in each year, interest payable at a fixed rate will (except to the extent subsection (b), (c) or (d) of this definition applies) be assumed to be made at such fixed rate and on the required funding dates; provided, however, that interest payable on the Senior Bonds will be excluded to the extent such payments are to be paid from Senior Capitalized Interest for such Fiscal Year;

(b) if all or any portion or portions of an Outstanding Series of Senior Bonds, or Unissued Senior Program Bonds constitute Balloon Indebtedness (excluding Senior Program Bonds or Unissued Senior Program Bonds to which subsection (f) applies), then, for purposes of determining Senior Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless otherwise provided in the Supplemental Senior Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (c) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than 30 years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation will 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 Airport Authority, or if the Airport Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Senior Bonds, Unissued Senior Program Bonds or Senior Program Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in (a) above or such other provision of this definition as will be applicable and, with respect to any Series, Unissued Senior Program Bonds or Senior Program Bonds or that portion of a Series thereof which constitutes Balloon Indebtedness, all funding requirements of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness will be treated as described in (a) above or such other provision of this definition as will be applicable;

(c) any maturity of Senior Bonds which constitutes Balloon Indebtedness as described in provision (b) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Senior Aggregate Annual Debt Service is made, will be assumed to become due and payable on the stated maturity date and provision (b) above will not apply thereto unless there is delivered to the entity making the calculation of Senior Aggregate Annual Debt Service a certificate of an Authorized Authority Representative stating that the Airport Authority intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Airport Authority is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness will be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms will be used for purposes of calculating Senior Aggregate Annual Debt Service, provided that such assumption will not result in an interest rate lower than that which would be assumed under provision (b) above and will be amortized over a term of not more than 30 years from the date of refinancing;

(d) if any Outstanding Senior Bonds (including Senior Program Bonds) or any Senior Bonds which are then proposed to be issued constitute Senior Tender Indebtedness (but excluding Senior Program Bonds or Senior Bonds as to which a Senior Qualified Swap is in effect and to which subsection (g) or (h) applies), then, for purposes of determining Senior Aggregate Annual Debt Service, Senior Tender Indebtedness will be treated as if the principal amount of such Senior Bonds were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Senior Annual Debt Service payments and extending not later than 30 years from the date such Senior Tender Indebtedness was originally issued; the interest rate used for such computation will 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 Airport Authority, or if the Airport Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and with respect to all funding requirements of principal and interest payments becoming due prior to the year in which such Senior Tender Indebtedness is first subject to tender, such payments will be treated as described in (a) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date will be determined as provided in (e) or (f) below, as appropriate;

(e) if any Outstanding Senior Bonds constitute Variable Rate Indebtedness, including obligations described in subsection (h)(ii) to the extent it applies (except to the extent subsection (b) or (c) relating to Balloon Indebtedness or (d) relating to Senior Tender Indebtedness or subsection (h)(i) relating to Synthetic Fixed Rate Debt applies), the interest rate on such Senior Bonds will 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 Airport Authority, or if the Airport Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for variable rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(f) with respect to any Senior Program Bonds or Unissued Senior Program Bonds (other than a Senior Commercial Paper Program) (i) debt service on Senior Program Bonds then Outstanding will be determined in accordance with such of the foregoing provisions of this definition as will be applicable, and (ii) with respect to Unissued Senior Program Bonds, it will be assumed that the full principal amount of such Unissued Senior Program Bonds will be amortized over a term certified by an Authorized Authority Representative at the time the initial Senior Program Bonds of such Senior Program are issued to be the expected duration of such Senior Program or, if such expectations have changed, over a term certified by an Authorized Authority Representative to be the expected duration of such Senior Program at the time of such calculation, but not to exceed 30 years from the date the initial Senior Program Bonds of such Senior Program are issued and it will be assumed that debt service will be paid in substantially level Senior Annual Debt Service payments over such assumed term; the interest rate used for such computation will 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 Airport Authority, or if the Airport Authority fails to select a replacement index, that rate determined by a

Consultant to be a reasonable market rate for fixed rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(g) debt service on Senior Repayment Obligations, to the extent such obligations constitute Senior Bonds under the Master Senior Indenture, will be calculated as provided in the Master Senior Indenture;

(h) (i) for purposes of computing the Senior Aggregate Annual Debt Service of Senior Bonds which constitute Synthetic Fixed Rate Debt, the interest payable thereon will, if the Airport Authority elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable; or, if the Airport Authority fails to elect such rate, then it will be deemed to be the fixed interest 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 Airport Authority;

(ii) for purposes of computing the Senior Aggregate Annual Debt Service of Senior Bonds with respect to which a Swap has been entered into whereby the Airport Authority has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Senior Bonds to which such Swap pertains will be included in the calculation of Senior Aggregate Annual Debt Service, and the interest rate with respect to such Senior Bonds will, if the Airport Authority elects, be the sum of that rate as determined in accordance with subsection (e) relating to Variable Rate Indebtedness plus the difference between the interest rate on the Senior Designated Debt and the rate received from the Swap Provider;

(i) with respect to any Senior Commercial Paper Program which has been Implemented and not then terminated or with respect to any Senior Commercial Paper Program then proposed to be Implemented, the principal and interest thereon will be calculated as if the entire Senior Authorized Amount of such Senior Commercial Paper Program were to be amortized over a term of 35 years commencing in the year in which such Senior Commercial Paper Program is Implemented and with substantially level Senior Annual Debt Service payments; the interest rate used for such computation will 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 Airport Authority, or if the Airport Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(j) if moneys or Senior Permitted Investments have been irrevocably deposited with and are held by the Senior Trustee or another fiduciary or Senior Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Senior Bonds, then the principal and/or interest to be paid from such moneys, Senior Permitted Investments, or Senior Capitalized Interest or from the earnings thereon will be disregarded and not included in calculating Senior Annual Debt Service; and

(k) if Passenger Facility Charges, Customer Facility Charges, state and/or federal grants, Federal Direct Payments, or other moneys have been irrevocably committed or are held by the Senior Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal and/or interest on specified Senior Bonds, then the principal and/or interest to be paid from such Passenger Facility Charges, Customer Facility Charges, state and/or federal grants, Federal Direct Payments, or other moneys or from earnings thereon will be disregarded (unless such Passenger Facility Charges, Customer Facility Charges, state and/or federal grants, Federal Direct Payments, or other moneys are included in the definition of Revenues) and not included in calculating Senior Aggregate Annual Debt Service.

“Senior Annual Debt Service” means, with respect to any Senior Bond, the aggregate amount required to be on deposit in the respective Senior Debt Service Fund or such other Fund or Account during the current Fiscal Year to satisfy the funding requirements for the payment of principal and interest becoming due and payable during such Fiscal Year or in a future Fiscal Year, and if a Senior Qualified Swap is in effect for any Senior Bond, plus the amount payable by the Airport Authority (or the Senior Trustee) under the Senior Qualified Swap in accordance with the terms thereof, less any amount to be received by the Airport Authority from the Senior Qualified Swap Provider pursuant to the Senior Qualified Swap, calculated using the principles and assumptions set forth in the definition of Senior Aggregate Annual Debt Service.

“Senior Authorized Amount” means, when used with respect to Senior Bonds, including Senior Bonds issued pursuant to a Senior Program, the maximum Principal Amount of Senior Bonds which is then authorized by a resolution adopted by the Board or a Supplemental Senior Indenture entered into by the Airport Authority pursuant to the Master Senior Indenture to be Outstanding at any one time under the terms of such Senior Program or Supplemental Senior Indenture. If the maximum Principal Amount of Senior Bonds or Senior Program Bonds authorized by a preliminary resolution or form of Supplemental Senior Indenture approved by the Airport Authority pursuant to the Master Senior Indenture exceeds the maximum Principal Amount of Senior Bonds set forth in the final definitive Supplemental Senior Indenture executed and delivered by the Airport Authority pursuant to which such Senior Bonds are issued or such Senior Program is established, the Principal Amount of such Senior Bonds or Senior Program Bonds as is set forth in said final definitive Supplemental Senior Indenture as executed and delivered by the Airport Authority will be deemed to be the “Senior Authorized Amount.”

“Senior Bond” or *“Senior Bonds”* means any debt obligation of the Airport Authority issued as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Senior Indenture, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Airport Authority, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Senior Repayment Obligations to the extent provided in the Master Senior Indenture. The term “Senior Bond” or “Senior Bonds” in the Master Senior Indenture does not include any Subordinate Obligation; provided, however, that the Airport Authority may provide in a Supplemental Senior Indenture to the Master Senior Indenture that Subordinate Obligations may be thenceforth issued pursuant to the Master Senior Indenture having the terms applicable to the Senior Bonds, except that such Subordinate Obligations will be junior and subordinate in payment to the Senior Bonds from Net Revenues. The term “Senior Bond” and “Senior Bonds” includes Senior Program Bonds. The Senior Series 2025 Bonds and the Senior Series 2023 Bonds are Senior Bonds.

“Senior Capitalized Interest” means the amount of interest on Senior Bonds, if any, funded from the proceeds of the Senior Bonds or other monies that are deposited with the Senior Trustee in the Senior Debt Service Fund as described in a Supplemental Senior Indenture upon issuance of Senior Bonds to be used to pay interest on the Senior Bonds.

“Senior Commercial Paper Program” means a Senior Program authorized by the Airport Authority pursuant to which Commercial Paper will be issued and reissued from time to time, up to the Authorized Amount of such Senior Program.

“Senior Construction Fund” means any of the Construction Funds authorized to be created as provided by the Master Senior Indenture.

“Senior Debt Service Fund” or *“Senior Debt Service Funds”* means a Senior Debt Service Fund or any of the Senior Debt Service Funds required to be created as provided by the Master Senior Indenture.

“Senior Debt Service Reserve Fund” means any Senior Debt Service Reserve Fund created by the Airport Authority or the Senior Trustee pursuant to a Supplemental Senior Indenture in connection with the issuance of any Series of Senior Bonds and that is required to be funded for the purpose of providing additional security for such Series of Senior Bonds and under certain circumstances to provide additional security for such other designated Series of Senior Bonds issued pursuant to the terms of the Master Senior Indenture and as specified in any Supplemental Senior Indenture. The Senior Reserve Fund is a Senior Debt Service Reserve Fund.

“Senior Debt Service Reserve Fund Surety Policy” means an insurance policy or surety bond, or a letter of credit, deposited with the Subordinate Trustee for the credit of the Senior Debt Service Reserve Fund created for one or more series of Outstanding Senior Bonds in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Senior Debt Service Reserve Fund Surety Policy will be rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

“Senior Designated Debt” means a specific indebtedness, designated by the Airport Authority, in which such debt will be offset with a Swap, such specific indebtedness to include all or any part of a Series of Senior Bonds.

“Senior Event of Default” means any occurrence or event specified as an “Event of Default” in the Master Senior Indenture. See “APPENDIX C-2—SUMMARY OF MASTER SENIOR INDENTURE—Senior Defaults and Remedies.”

“Senior Indenture” means the Master Senior Indenture, together with all Supplemental Senior Indentures.

“Senior Investment Agreement” means an 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 Senior Investment Agreement is less than three years) or in either of the two highest long term Rating Categories (if the term of the Senior 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 the definition of Senior Permitted Investments which are (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, (ii) held by the Senior Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (iii) subject to a perfected first lien on behalf of the Senior Trustee, and (iv) free and clear from all third party liens.

“Senior Maximum Aggregate Annual Debt Service” means the maximum amount of Senior Aggregate Annual Debt Service with respect to all Senior Bonds, Unissued Senior Program Bonds, and the

Authorized Amount of all Senior Bonds then proposed to be issued in the then current or any future Fiscal Year.

“*Senior Notes*” means Senior Bonds issued under the provisions of the Master Senior Indenture which have a maturity of one year or less from their date of original issuance and which are not part of a Senior Commercial Paper Program.

“*Senior Paying Agent*” or “*Senior Paying Agents*” means (a) for purposes of the Master Senior Indenture and with respect to the Senior Bonds or any Series of Senior Bonds, the banks, trust companies or other financial institutions or other entities designated in a Supplemental Senior Indenture or a resolution of the Airport Authority as the place where such Senior Bonds will be payable, and (b) for purposes of the Sixth Supplemental Senior Indenture and the Senior Series 2025 Bonds, the Senior Trustee, or any other institution appointed by the Airport Authority.

“*Senior Permitted Investments*” means any of the following, but only to the extent permitted by the laws of the State and the Airport Authority’s investment policy and except as otherwise limited pursuant to a Supplemental Senior Indenture:

- (a) United States Obligations;
- (b) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;
- (c) Direct and general long-term obligations of any state, which obligations are rated in one of the two highest Rating Categories by one or more of the Rating Agencies;
- (d) Direct and general short-term obligations of any state which obligations are rated in the highest Rating Category by one or more of the Rating Agencies;
- (e) Interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation (“FDIC”) or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (i) continuously and fully insured by FDIC and with banks that are rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies; or (ii) fully secured by obligations described in item (a) or (b) of this definition of Senior Permitted Investments (A) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (B) held by the Senior Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (C) subject to a perfected first lien in favor of the Senior Trustee, and (D) free and clear from all third-party liens;
- (f) Long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest Rating Categories by one or more of the Rating Agencies;

(g) Repurchase agreements which are (A) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from one or more of the Rating Agencies and (B) fully secured by obligations specified in items (a) or (b) of this definition of Senior Permitted Investments (1) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (2) held by the Senior Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (3) subject to a perfected first lien in favor of the Senior Trustee and (4) free and clear from all third-party liens;

(h) Prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term Rating Category of one or more of the Rating Agencies;

(i) Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (A) a money market fund that has been rated in one of the two highest Rating Categories by one or more of the Rating Agencies or (B) a money market fund or account of the Senior Trustee or its affiliates or any state or federal bank that is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or whose own bank holding company parent is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or that has a combined capital and surplus of not less than \$50,000,000 (all investments included in this clause (i) may include funds which the Senior Trustee or its affiliates provide investment advisory or other management services);

(j) Interest bearing notes issued by a banking institution having a combined capital and surplus of at least \$500,000,000 and whose senior debt is in the highest Rating Category by one or more of the Rating Agencies;

(k) Public housing bonds issued by public agencies which are either unconditionally guaranteed as to principal and interest by the United States of America, or rated in the highest Rating Category by one or more of the Rating Agencies;

(l) Obligations issued or guaranteed by Private Export Funding Corporation, Resolution Funding Corporation and any other instrumentality or agency of the United States of America;

(m) Investment Agreements;

(n) Any other type of investment consistent with Authority policy in which the Airport Authority directs the Senior Trustee to invest provided that there is delivered to the Senior Trustee a certificate of an Authorized Authority Representative stating that each of the Rating Agencies then maintaining a rating on the Senior Bonds has been informed of the proposal to invest in such investment and each of such Rating Agencies has confirmed that such investment will not adversely affect the rating then assigned by such rating agency to any of the Senior Bonds;

(o) Any state administered pool investment fund in which the Airport Authority is statutorily permitted or required to invest (including but not limited to the State of California Local Agency Fund (“LAIF”) established pursuant to Section 16429.1 et seq. of the Government Code of the State);

(p) The San Diego County Investment Pool (“SDCIP”). The Airport Authority may invest in SDCIP up to the LAIF statutory limit; and

(q) any other investment which is a permitted investment of the Airport Authority in accordance with the laws of the State.

“*Senior Principal Amount*” or “*Senior principal amount*” means, as of any date of calculation, (a) with respect to any Capital Appreciation Senior Bond, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (b) with respect to any Original Issue Discount Senior Bond, the Accreted Value thereof, unless the Supplemental Senior Indenture under which such Senior Bond was issued will specify a different amount, in which case, the terms of the Supplemental Senior Indenture will control, and (c) with respect to any other Senior Bonds, the principal amount of such Senior Bond payable at maturity.

“*Senior Program*” means a financing program identified in a Supplemental Senior Indenture, including but not limited to a Senior Commercial Paper Program, (a) which is authorized and the terms thereof approved by a resolution adopted by the Board and the items described in the Master Senior Indenture have been filed with the Senior Trustee, (b) wherein the Airport Authority has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in a Senior Authorized Amount, and (c) the Senior Authorized Amount of which has met the additional bonds test set forth in the Master Senior Indenture and the Outstanding amount of which may vary from time to time, but not exceed the Senior Authorized Amount.

“*Senior Program Bonds*” means Senior Bonds issued and Outstanding pursuant to a Senior Program, other than Unissued Senior Program Bonds.

“*Senior Qualified Swap*” means any Swap (a) whose Senior Designated Debt is all or part of a particular Series of Senior Bonds; (b) whose Swap Provider is a Senior Qualified Swap Provider or has been a Senior Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Senior Annual Debt Service or Senior Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Senior Designated Debt or to a specified mandatory tender or redemption of such Senior Designated Debt; and (d) which has been designated in writing to the Senior Trustee by the Airport Authority as a Senior Qualified Swap with respect to such Senior Bonds.

“*Senior Qualified Swap Provider*” means a financial institution whose senior long-term debt obligations, or whose obligations under any Senior Qualified Swap are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least “A1,” in the case of Moody’s and “A+,” in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (a) or (b) of the definition of Senior Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Senior Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (iii) subject to a perfected first lien on behalf of the Senior Trustee, and (iv) free and clear from all third party liens.

“*Senior Rebate Fund*” means any fund created by the Airport Authority or the Senior Trustee pursuant to a Supplemental Senior Indenture in connection with the issuance of the Senior Bonds or any Series of Senior Bonds for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts to the United States of America.

“*Senior Registrar*” means, (a) for purposes of the Master Senior Indenture and with respect to the Senior Bonds or any Series of Senior Bonds, the bank, trust company or other entity designated in a Supplemental Senior Indenture or a resolution of the Airport Authority to perform the function of Senior Registrar under the Master Senior Indenture or any Supplemental Senior Indenture, and which bank, trust company or other entity has accepted the position in accordance with the Master Senior Indenture, and (b) for purposes of the Sixth Supplemental Senior Indenture and the Senior Series 2025 Bonds, the Senior Trustee.

“*Senior Repayment Obligations*” means an obligation arising under a written agreement of the Airport Authority and a Credit Provider pursuant to which the Airport Authority agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to be used to pay debt service on any Senior Bonds or an obligation arising under a written agreement of the Airport Authority and a Liquidity Provider pursuant to which the Airport Authority agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to be used to purchase Senior Bonds.

“*Senior Reserve Fund*” means the Senior Debt Service Reserve Fund established pursuant to the Master Senior Indenture and the Fifth Supplemental Senior Indenture.

“*Senior Reserve Fund Insurance Policy*” means an insurance policy, a letter of credit, surety bond or other financial instrument deposited in the Senior Reserve Fund in lieu of or in partial substitution for cash or securities which is provided by an institution rated, at the time of issuance of such policy, letter of credit, surety bond or other financial instrument, in one of the two highest long term Rating Categories by one or more of the Rating Agencies

“*Senior Reserve Requirement*” means, with respect to the Senior Reserve Fund, an amount equal to the lesser of (a) Senior Maximum Aggregate Annual Debt Service for all Series of Senior Bonds participating in the Senior Reserve Fund, (b) 10% of the principal amount of all Series of Senior Bonds participating in the Senior Reserve Fund, less for any Series of Senior Bonds the amount of original issue discount with respect to such Series of Senior Bonds if such original issue discount exceeded 2% on such Series of Senior Bonds at the time of their original sale, and (c) 125% of the average Senior Aggregate Annual Debt Service for all Series of Senior Bonds participating in the Senior Reserve Fund. When calculating the Senior Reserve Requirement, all references to Fiscal Year will mean a 12-month period beginning on July 2 of each given year and ending on July 1 of the immediate subsequent year.

“*Senior Responsible Officer*” means an officer or assistant officer of the Senior Trustee assigned by the Senior Trustee to administer the Master Senior Indenture.

“*Senior Serial Bonds*” means Senior Bonds for which no sinking installment payments are provided.

“*Senior Series 2023A Bonds*” means \$74,675,000 original principal amount of Senior Bonds designated as “San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT).”

“*Senior Series 2023B Bonds*” means \$987,305,000 original principal amount of Senior Bonds designated as “San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT).”

“*Senior Series 2023 Bonds*” means, collectively, the Senior Series 2023A Bonds and the Senior Series 2023B Bonds.

“*Senior Series 2025A Bonds*” means \$155,815,000 aggregate principal amount of Senior Bonds issued under the Master Senior Indenture and the Sixth Supplemental Senior Indenture and designated as “San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT).”

“*Senior Series 2025B Bonds*” means \$628,635,000 aggregate principal amount of Senior Bonds issued under the Master Senior Indenture and the Sixth Supplemental Senior Indenture and designated as “San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/Non-AMT).”

“*Senior Series 2025 Bonds*” means, collectively, the Senior Series 2025A Bonds and the Senior Series 2025B Bonds.

“*Senior Series 2025 Projects*” means, the capital projects to be financed with a portion of the proceeds of the Senior Series 2025 Bonds. See “PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS” and “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT” in the forepart of this Official Statement.

“*Senior Swap Termination Payment*” means an amount payable by the Airport Authority or a Senior Qualified Swap Provider, in accordance with a Senior Qualified Swap, to compensate the other party to the Senior Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Senior Qualified Swap.

“*Senior Tender Indebtedness*” means any Senior Bonds or portions of Senior Bonds a feature of which is an obligation on the part of the Bondholders, under the terms of such Senior Bonds, to tender all or a portion of such Senior Bonds to the Airport Authority, the Senior Trustee, the Senior Paying Agent or other fiduciary or agent or Credit Provider or Liquidity Provider for payment or purchase and requiring that such Senior Bonds or portions of Senior Bonds be purchased if properly presented.

“*Senior Term Bonds*” means Senior Bonds of a Series which are payable on or before their specified maturity dates from sinking installment payments established pursuant to the Supplemental Senior Indenture for such Series for that purpose and calculated to retire the Senior Bonds on or before their specified maturity dates.

“*Senior Trustee*” means The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., and any successor thereto.

“*Series*” means (a) with respect to Senior Bonds, Senior Bonds designated as a separate Series by a Supplemental Senior Indenture and, with respect to Senior Program Bonds or a Senior Commercial Paper Program, means the full Senior Authorized Amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Senior Indenture, designated as separate Series; and (b) with respect to Subordinate Obligations, Subordinate Obligations designated as a separate Series by a Supplemental Subordinate Indenture and, with respect to Subordinate Program Obligations or a

Subordinate Commercial Paper Program, means the full Subordinate Authorized Amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Subordinate Indenture, designated as separate Series.

“Significant Portion” means any Airport Facilities or portions thereof which, if such facilities had been sold or disposed of by the Airport Authority at the beginning of an annual period which includes the month of commencement of the 12 month period ending on the day of such disposition would have resulted in a reduction in Net Revenues for such annual period of more than 5% when the actual Net Revenues for such annual period are decreased by the Revenues directly attributable to such Airport Facilities and increased by the expenses of the Airport Authority directly attributable to such Airport Facilities. The Airport Authority will notify each of the Rating Agencies that the Airport Authority has requested ratings from and who are then maintaining a rating on any of the Subordinate Obligations prior to the selling or disposing of a Significant Portion of any Airport Facilities or portions thereof.

“Sixth Supplemental Senior Indenture” means the Sixth Supplemental Trust Indenture, to be dated as of July 1, 2025, by and between the Airport Authority and the Senior Trustee and which, among other things, sets forth the terms of the Senior Series 2025 Bonds.

“Special Facilities” or *“Special Facility”* means a facility or group of facilities or category of facilities which are designated as a Special Facility pursuant to the provisions of the Master Senior Indenture.

“Special Facilities Revenue” means the contractual payments and all other revenues (other than ground rentals relating to such Special Facility) derived by or available to the Airport Authority from a Special Facility which are pledged to secure Special Facility Obligations.

“Special Facility Obligations” means bonds or other debt instruments issued pursuant to an indenture other than the Master Senior Indenture to finance Special Facilities and which are not secured by nor payable from a lien on and pledge of the Net Revenues but which are secured by revenues derived from Special Facilities.

“S&P” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, its successors and their assigns, and if such entity will for any reason no longer perform the functions of a securities rating agency, “S&P” will be deemed to refer to any other nationally recognized securities rating agency designated by the Airport Authority.

“State” means the State of California.

“Subaccount” means any subaccount established pursuant to the Master Senior Indenture or any Supplemental Senior Indenture or Master Subordinate Indenture or any Supplemental Subordinate Indenture, as the case may be.

“Subordinate Aggregate Annual Debt Service” means for any Fiscal Year the aggregate amount of Subordinate Annual Debt Service on all Outstanding Subordinate Obligations and Unissued Subordinate Program Obligations. For purposes of calculating Subordinate Aggregate Annual Debt Service, the following components of debt service will be computed as follows:

- (a) in determining the amount of principal to be funded in each year, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Subordinate Obligations and Unissued Subordinate Program Obligations in accordance with any amortization schedule

established by the governing documents setting forth the terms of such Subordinate Obligations, including, as a principal payment, the Accreted Value of any Capital Appreciation Subordinate Obligations or Original Issue Discount Subordinate Obligations maturing or scheduled for redemption in such year; in determining the amount of interest to be funded in each year, interest payable at a fixed rate will (except to the extent subsection (b), (c) or (d) of this definition applies) be assumed to be made at such fixed rate and on the required funding dates; provided, however, that interest payable on the Subordinate Obligations will be excluded to the extent such payments are to be paid from Subordinate Capitalized Interest for such Fiscal Year;

(b) if all or any portion or portions of an Outstanding Series of Subordinate Obligations, or Unissued Subordinate Program Obligations constitute Balloon Indebtedness (excluding Subordinate Program Obligations or Unissued Subordinate Program Obligations to which subsection (f) applies), then, for purposes of determining Subordinate Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless otherwise provided in the Supplemental Subordinate Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (c) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service funding payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than 30 years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation will 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 Airport Authority, or if the Airport 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 Master Subordinate 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; with respect to any Series of Subordinate Obligations, Unissued Subordinate Program Obligations or Subordinate Program Obligations only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in (a) above or such other provision of this definition as will be applicable and, with respect to any Series, Unissued Subordinate Program Obligations or Subordinate Program Obligations or that portion of a Series thereof which constitutes Balloon Indebtedness, all funding requirements of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness will be treated as described in (a) above or such other provision of this definition as will be applicable;

(c) any maturity of Subordinate Obligations which constitutes Balloon Indebtedness as described in provision (b) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Subordinate Aggregate Annual Debt Service is made, will be assumed to become due and payable on the stated maturity date and provision (b) above will not apply thereto unless there is delivered to the entity making the calculation of Subordinate Aggregate Annual Debt Service a certificate of an Authorized Authority Representative stating that the Airport Authority intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Airport Authority is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness will be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms will be used for purposes of calculating Subordinate Aggregate Annual Debt Service, provided that such assumption will not result in an interest rate lower than that which would be assumed under provision (b) above and will be amortized over a term of not more than 30 years from the date of refinancing;

(d) if any Outstanding Subordinate Obligations (including Subordinate Program Obligations) or any Subordinate Obligations which are then proposed to be issued constitute Subordinate Tender Indebtedness (but excluding Subordinate Program Obligations or Subordinate Obligations as to which a Subordinate Qualified Swap is in effect and to which subsection (g) or (h) applies), then, for purposes of determining Subordinate Aggregate Annual Debt Service, Subordinate Tender Indebtedness will be treated as if the principal amount of such Subordinate Obligations were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Subordinate Annual Debt Service payments and extending not later than 30 years from the date such Subordinate Tender Indebtedness was originally issued; the interest rate used for such computation will 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 Airport Authority, or if the Airport 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 Master Subordinate 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; and with respect to all funding requirements of principal and interest payments becoming due prior to the year in which such Subordinate Tender Indebtedness is first subject to tender, such payments will be treated as described in (a) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date will be determined as provided in (e) or (f) below, as appropriate;

(e) if any Outstanding Subordinate Obligations constitute Variable Rate Indebtedness, including obligations described in subsection (h)(ii) to the extent it applies (except to the extent subsection (b) or (c) relating to Balloon Indebtedness or (d) relating to Subordinate Tender Indebtedness or subsection (h)(i) relating to Synthetic Fixed Rate Debt applies), the interest rate on such Subordinate Obligations will 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 Airport Authority, or if the Airport Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for variable rate Subordinate Obligations of a corresponding term issued under the Master Subordinate 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;

(f) with respect to any Subordinate Program Obligations or Unissued Subordinate Program Obligations (other than a Subordinate Commercial Paper Program) (i) debt service on Subordinate Program Obligations then Outstanding will be determined in accordance with such of the foregoing provisions of this definition as will be applicable, and (ii) with respect to Unissued Subordinate Program Obligations, it will be assumed that the full principal amount of such Unissued Subordinate Program Obligations will be amortized over a term certified by an Authorized Authority Representative at the time the initial Subordinate Program Obligations of such Subordinate Program are issued to be the expected duration of such Subordinate Program or, if such expectations have changed, over a term certified by an Authorized Authority Representative to be the expected duration of such Subordinate Program at the time of such calculation, but not to exceed 30 years from the date the initial Subordinate Program Obligations of such Subordinate Program are issued and it will be assumed that debt service will be paid in substantially level Subordinate Annual Debt Service payments over such assumed term; the interest rate used for such

computation will 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 Airport Authority, or if the Airport 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 Master Subordinate 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;

(g) debt service on Subordinate Repayment Obligations, to the extent such obligations constitute Subordinate Obligations under the Master Subordinate Indenture, will be calculated as provided therein;

(h) (i) for purposes of computing the Subordinate Aggregate Annual Debt Service of Subordinate Obligations which constitute Synthetic Fixed Rate Debt, the interest payable thereon will, if the Airport Authority elects, be that rate as provided for by the terms of the Swap or the net interest rate payable pursuant to offsetting indices, as applicable; or, if the Airport Authority fails to elect such rate, then it will be deemed to be the fixed interest 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 Airport Authority;

(ii) for purposes of computing the Subordinate Aggregate Annual Debt Service of Subordinate Obligations with respect to which a Swap has been entered into whereby the Airport Authority has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Subordinate Obligations to which such Swap pertains will be included in the calculation of Subordinate Aggregate Annual Debt Service, and the interest rate with respect to such Subordinate Obligations will, if the Airport Authority elects, be the sum of that rate as determined in accordance with subsection (e) relating to Variable Rate Indebtedness plus the difference between the interest rate on the Subordinate Designated Debt and the rate received from the Swap Provider;

(i) with respect to any Subordinate Commercial Paper Program which has been Implemented and not then terminated or with respect to any Subordinate Commercial Paper Program then proposed to be Implemented, the principal and interest thereon will be calculated as if the entire Subordinate Authorized Amount of such Subordinate Commercial Paper Program were to be amortized over a term of 35 years commencing in the year in which such Subordinate Commercial Paper Program is Implemented and with substantially level Subordinate Annual Debt Service payments; the interest rate used for such computation will 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 Airport Authority, or if the Airport 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 Master Subordinate 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;

(j) if moneys or Subordinate Permitted Investments have been irrevocably deposited with and are held by the Subordinate Trustee or another fiduciary or Subordinate Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Subordinate Obligations, then the principal and/or interest to be paid from such moneys, Subordinate Permitted Investments, or Subordinate Capitalized Interest or from the earnings thereon will be disregarded and not included in calculating Subordinate Aggregate Annual Debt Service or Subordinate Annual Debt Service; and

(k) if Passenger Facility Charges, Customer Facility Charges, state and/or federal grants, Federal Direct Payments, or other moneys have been irrevocably committed or are held by the Subordinate Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal and/or interest on specified Subordinate Obligations, then the principal and/or interest to be paid from such Passenger Facility Charges, Customer Facility Charges, state and/or federal grants, Federal Direct Payments, or other moneys or from earnings thereon will be disregarded (unless such Passenger Facility Charges, Customer Facility Charges, state and/or federal grants, Federal Direct Payments, or other moneys are included in the definition of Revenues) and not included in calculating Subordinate Aggregate Annual Debt Service.

“Subordinate Annual Debt Service” means, with respect to any Subordinate Obligation, the aggregate amount required to be on deposit in the respective Subordinate Debt Service Fund or such other Fund or Account during the current Fiscal Year to satisfy the funding requirements for the payment of principal and interest becoming due and payable during such Fiscal Year or in a future Fiscal Year, and if a Subordinate Qualified Swap is in effect for any Subordinate Obligation, plus the amount payable by the Airport Authority (or the Subordinate Trustee) under the Subordinate Qualified Swap in accordance with the terms thereof, less any amount to be received by the Airport Authority from the Subordinate Qualified Swap Provider pursuant to the Subordinate Qualified Swap, calculated using the principles and assumptions set forth in the definition of Subordinate Aggregate Annual Debt Service..

“Subordinate Authorized Amount” means, when used with respect to Subordinate Obligations, including Subordinate Obligations issued pursuant to a Subordinate Program, the maximum Principal Amount of Subordinate Obligations which is then authorized by a resolution adopted by the Board or a Supplemental Subordinate Indenture entered into by the Airport Authority pursuant to the Master Subordinate Indenture to be Outstanding at any one time under the terms of such Subordinate Program or Supplemental Subordinate Indenture. If the maximum Principal Amount of Subordinate Obligations or Subordinate Program Obligations authorized by a preliminary resolution or form of Supplemental Subordinate Indenture approved by the Airport Authority pursuant to the Master Subordinate Indenture exceeds the maximum Principal Amount of Subordinate Obligations set forth in the final definitive Supplemental Subordinate Indenture executed and delivered by the Airport Authority pursuant to which such Subordinate Obligations are issued or such Subordinate Program is established, the Principal Amount of such Subordinate Obligations or Subordinate Program Obligations as is set forth in said final definitive Supplemental Subordinate Indenture as executed and delivered by the Airport Authority will be deemed to be the “Subordinate Authorized Amount.” Notwithstanding the provisions of this definition of “Subordinate Authorized Amount,” in connection with the Master Subordinate Indenture and the calculation of Subordinate Aggregate Annual Debt Service, Subordinate Annual Debt Service or Subordinate Maximum Annual Debt Service with respect to a Subordinate Commercial Paper Program, “Subordinate Authorized Amount” means the lesser of (i) the authorized amount of Subordinate Program Obligations set forth in the Supplemental Subordinate Indenture establishing the Subordinate Commercial Paper Program or (ii) the total amount available (utilized and unutilized, if applicable) under a Credit Facility entered into with respect to such Subordinate Commercial Paper Program and the total amount of Subordinate Commercial Paper Notes that may be issued pursuant to an Unenhanced Subordinate Commercial Paper Program.

“Subordinate Capitalized Interest” means the amount of interest on Subordinate Obligations, if any, funded from the proceeds of the Subordinate Obligations or other monies that are deposited with the Subordinate Trustee in the Subordinate Debt Service Fund as will be described in a Supplemental Subordinate Indenture upon issuance of Subordinate Obligations to be used to pay interest on the Subordinate Obligations.

“Subordinate Commercial Paper Program” means a Subordinate Program authorized by the Airport Authority pursuant to which Commercial Paper will be issued and reissued from time to time, up to the Subordinate Authorized Amount of such Subordinate Program.

“Subordinate Construction Fund” means any of the Subordinate Construction Funds authorized to be created as provided by the Master Subordinate Indenture.

“Subordinate Debt Service Fund” or *“Subordinate Debt Service Funds”* means a Subordinate Debt Service Fund or any of the Subordinate Debt Service Funds required to be created as provided by the Master Subordinate Indenture.

“Subordinate Debt Service Reserve Fund” means any Subordinate Debt Service Reserve Fund created by the Airport Authority or the Subordinate Trustee pursuant to a Supplemental Subordinate Indenture in connection with the issuance of any Series of Subordinate Obligations and that is required to be funded for the purpose of providing additional security for such Series of Subordinate Obligations and under certain circumstances to provide additional security for such other designated Series of Subordinate Obligations issued pursuant to the terms of the Master Subordinate Indenture and as specified in any Supplemental Subordinate Indenture. The Subordinate Reserve Fund is a Subordinate Debt Service Reserve Fund.

“Subordinate Debt Service Reserve Fund Surety Policy” means an insurance policy or surety bond, or a letter of credit, deposited with the Subordinate Trustee for the credit of the Subordinate Debt Service Reserve Fund created for one or more series of Outstanding Subordinate Obligations in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Subordinate Debt Service Reserve Fund Surety Policy will be rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

“Subordinate Designated Debt” means a specific indebtedness, designated by the Airport Authority, in which such debt will be offset with a Swap, such specific indebtedness to include all or any part of a Series of Subordinate Obligations.

“Subordinated Obligation” means any bond, note or other debt instrument issued or otherwise entered into by the Airport Authority which ranks junior and subordinate to the Senior Bonds and which may be paid from moneys constituting Net Revenues only if all amounts of principal and interest which have become due and payable on the Senior Bonds whether by maturity, redemption or acceleration have been paid in full and the Airport Authority is current on all payments, if any, required to be made to replenish all Senior Debt Service Reserve Funds. “Subordinated Obligations” are not Senior Bonds for purposes of the Master Senior Indenture; provided, however, that the Airport Authority may henceforth by Supplemental Senior Indenture elect to have the provisions of the Master Senior Indenture applicable to the Senior Bonds apply to the Subordinated Obligations issued thereunder, except that such Subordinated Obligations will be secured on a junior and subordinate basis to the Senior Bonds from the Net Revenues. No bond, note or other instrument of indebtedness will be deemed to be a “Subordinated Obligation” for purposes of the Master Senior Indenture and payable on a subordinate basis from Net Revenues unless specifically designated by the Airport Authority as a “Subordinated Obligation” in a Supplemental Senior Indenture or other written instrument. In connection with any Subordinated Obligation with respect to

which a Swap is in effect or proposes to be in effect, the term “Subordinated Obligation” includes, collectively, both such Subordinated Obligation and either such Swap or the obligations of the Airport Authority under each such Swap, as the context requires. The term “Subordinated Obligations” also includes a Swap or the obligations of the Airport Authority under such Swap which has been entered into in connection with a Subordinated Obligation, as the context requires, although none of the Subordinated Obligations with respect to which such Swap was entered into remain outstanding. In connection with any Senior Bonds with respect to which a Senior Qualified Swap is in effect or proposed to be in effect, the term “Subordinated Obligation” includes any Senior Swap Termination Payment if designated as a Subordinated Obligation in a Supplemental Senior Indenture. “Subordinated Obligations” includes the Subordinate Obligations issued pursuant to the Master Subordinate Indenture.

“*Subordinate Event of Default*” means any occurrence or event specified as an “Event of Default” in the Master Subordinate Indenture. See “APPENDIX C-4—SUMMARY OF MASTER SUBORDINATE INDENTURE—Subordinate Defaults and Remedies.”

“*Subordinate Investment Agreement*” means an investment agreement or guaranteed investment contract by and between either the Airport Authority or the Subordinate Trustee (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 Subordinate Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Subordinate 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 the definition of Subordinate Permitted Investments which are (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, (ii) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (iii) subject to a perfected first lien on behalf of the Subordinate Trustee, and (iv) free and clear from all third-party liens.

“*Subordinate Maximum Aggregate Annual Debt Service*” means the maximum amount of Subordinate Aggregate Annual Debt Service with respect to all Subordinate Obligations, Unissued Subordinate Program Obligations, and the Subordinate Authorized Amount of all Subordinate Obligations then proposed to be issued in the then current or any future Fiscal Year.

“*Subordinate Net Revenues*” means the Revenues remaining after the Airport Authority has made the deposits to the Operation and Maintenance Subaccount, the Senior Debt Service Funds and the Senior Debt Service Reserve Funds as further described in the forepart of this Official Statement under the caption “SECURITY OF SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Flow of Funds.”

“*Subordinate Notes*” means Subordinate Obligations issued under the provisions of the Master Subordinate Indenture which have a maturity of one year or less from their date of original issuance and which are not part of a Subordinate Commercial Paper Program.

“*Subordinate Obligation*” or “*Subordinate Obligations*” means any debt obligation of the Airport Authority issued as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Subordinate Indenture, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Airport Authority, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Subordinate Repayment Obligations to the extent provided in the Master

Subordinate Indenture. The term “Subordinate Obligation” or “Subordinate Obligations” include any Subordinate Program Obligations.

“*Subordinate Paying Agent*” or “*Subordinate Paying Agents*” means, with respect to the Subordinate Obligations or any Series of Subordinate Obligations, the banks, trust companies or other financial institutions or other entities designated in a Supplemental Subordinate Indenture or a resolution of the Airport Authority as the place where such Subordinate Obligations will be payable. As of the date of this Official Statement, the Subordinate Trustee acts as the Subordinate Paying Agent with respect to all Outstanding Subordinate Obligations.

“*Subordinate Permitted Investments*” means any of the following, but only to the extent permitted by the laws of the State and the Airport Authority’s investment policy:

- (a) United States Obligations;
- (b) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;
- (c) Direct and general long-term obligations of any state, which obligations are rated in one of the two highest Rating Categories by one or more of the Rating Agencies;
- (d) Direct and general short-term obligations of any state which obligations are rated in the highest Rating Category by one or more of the Rating Agencies;
- (e) Interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation (“FDIC”) or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (i) continuously and fully insured by FDIC and with banks that are rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies; or (ii) fully secured by obligations described in item (a) or (b) of this definition of Subordinate Permitted Investments (A) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (B) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (C) subject to a perfected first lien in favor of the Subordinate Trustee, and (D) free and clear from all third-party liens;
- (f) Long-term or medium-term corporate debt guaranteed by any corporation that is rated in one of the two highest Rating Categories by one or more of the Rating Agencies;
- (g) Repurchase agreements which are (A) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from one or more of the Rating Agencies and (B) fully secured by obligations specified in items (a) or (b) of this

definition of Subordinate Permitted Investments (1) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (2) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (3) subject to a perfected first lien in favor of the Subordinate Trustee and (4) free and clear from all third-party liens;

(h) Prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term Rating Category of one or more of the Rating Agencies;

(i) Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (A) a money market fund that has been rated in one of the two highest Rating Categories by one or more of the Rating Agencies or (B) a money market fund or account of the Subordinate Trustee or its affiliates or any state or federal bank that is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or whose own bank holding company parent is rated at least in the highest short-term Rating Category by one or more of the Rating Agencies or is rated in one of the two highest long-term Rating Categories by one or more of the Rating Agencies, or that has a combined capital and surplus of not less than \$50,000,000 (all investments included in this clause (i) may include funds which the Subordinate Trustee or its affiliates provide investment advisory or other management services);

(j) Interest bearing notes issued by a banking institution having a combined capital and surplus of at least \$500,000,000 and whose senior debt is in the highest Rating Category by one or more of the Rating Agencies;

(k) Public housing bonds issued by public agencies which are either unconditionally guaranteed as to principal and interest by the United States of America, or rated in the highest Rating Category by one or more of the Rating Agencies;

(l) Obligations issued or guaranteed by Private Export Funding Corporation, Resolution Funding Corporation and any other instrumentality or agency of the United States of America;

(m) Investment Agreements;

(n) Any other type of investment consistent with Authority policy in which the Airport Authority directs the Subordinate Trustee to invest provided that there is delivered to the Subordinate Trustee a certificate of an Authorized Authority Representative stating that each of the Rating Agencies then maintaining a rating on the Subordinate Obligations has been informed of the proposal to invest in such investment and each of such Rating Agencies has confirmed that such investment will not adversely affect the rating then assigned by such rating agency to any of the Subordinate Obligations;

(o) Any state administered pool investment fund in which the Airport Authority is statutorily permitted or required to invest (including but not limited to the State of California Local Agency Fund ("LAIF") established pursuant to Section 16429.1 et seq. of the Government Code of the State);

(p) The San Diego County Investment Pool (“SDCIP”). The Airport Authority may invest in SDCIP up to the LAIF statutory limit; and

(q) any other investment which is a permitted investment of the Airport Authority in accordance with the laws of the State.

“*Subordinate Principal Amount*” or “*Subordinate principal amount*” means, as of any date of calculation, (a) with respect to any Capital Appreciation Subordinate Obligation, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (b) with respect to any Original Issue Discount Subordinate Obligation, the Accreted Value thereof, unless the Supplemental Subordinate Indenture under which such Subordinate Obligation was issued will specify a different amount, in which case, the terms of the Supplemental Subordinate Indenture will control, and (c) with respect to any other Subordinate Obligations, the principal amount of such Subordinate Obligation payable at maturity.

“*Subordinate Program*” means a financing program identified in a Supplemental Subordinate Indenture, including but not limited to a Subordinate Commercial Paper Program, (a) which is authorized and the terms thereof approved by a resolution adopted by the Board and the items described in the Master Subordinate Indenture have been filed with the Subordinate Trustee, (b) wherein the Airport Authority has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in a Subordinate Authorized Amount, and (c) the Subordinate Authorized Amount of which has met the additional bonds test set forth in the Master Subordinate Indenture and the Outstanding amount of which may vary from time to time, but not exceed the Subordinate Authorized Amount.

“*Subordinate Program Obligations*” means Subordinate Obligations issued and Outstanding pursuant to a Subordinate Program, other than Unissued Subordinate Program Obligations.

“*Subordinate Qualified Swap*” means any Swap (a) whose Subordinate Designated Debt is all or part of a particular Series of Subordinate Obligations; (b) whose Swap Provider is a Subordinate Qualified Swap Provider or has been a Subordinate Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Subordinate Annual Debt Service or Subordinate Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Subordinate Designated Debt or to a specified mandatory tender or redemption of such Subordinate Designated Debt; and (d) which has been designated in writing to the Subordinate Trustee by the Airport Authority as a Subordinate Qualified Swap with respect to such Subordinate Obligations.

“*Subordinate Qualified Swap Provider*” means a financial institution whose senior long-term debt obligations, or whose obligations under any Subordinate Qualified Swap are (a) guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least “A1,” in the case of Moody’s and “A+,” in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) fully secured by obligations described in items (a) or (b) of the definition of Subordinate Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (iii) subject to a perfected first lien on behalf of the Subordinate Trustee, and (iv) free and clear from all third-party liens.

“*Subordinate Rebate Fund*” means any fund created by the Airport Authority or the Subordinate Trustee pursuant to a Supplemental Subordinate Indenture in connection with the issuance of the Subordinate Obligations or any Series of Subordinate Obligations for the purpose of complying with the

Code and providing for the collection and holding for and payment of amounts to the United States of America.

“Subordinate Registrar” means, with respect to the Subordinate Obligations or any Series of Subordinate Obligations, a bank, trust company or other entity designated in a Supplemental Subordinate Indenture or a resolution of the Airport Authority to perform the function of Registrar under the Master Subordinate Indenture or any Supplemental Subordinate Indenture, and which bank, trust company or other entity has accepted the position in accordance with the Master Subordinate Indenture. As of the date of this Official Statement, the Subordinate Trustee acts as Subordinate Registrar with respect to all Outstanding Subordinate Obligations.

“Subordinate Repayment Obligations” means any obligation of the Airport Authority arising under a written agreement of the Airport Authority and a Credit Provider pursuant to which a Credit Facility is issued to pay debt service on any Subordinate Obligations or any obligation arising under a written agreement of the Airport Authority and a Liquidity Provider pursuant to which a Liquidity Facility is issued to purchase Subordinate Obligations.

“Subordinate Reserve Fund” means the Subordinate Debt Service Reserve Fund established pursuant to the Master Subordinate Indenture and the Second Supplemental Subordinate Indenture.

“Subordinate Reserve Fund Insurance Policy” means an insurance policy, a letter of credit, qualified surety bond or other financial instrument deposited in the Subordinate Reserve Fund in lieu of or in partial substitution for cash or securities which is provided by an institution rated, at the time of issuance of such policy, letter of credit, surety bond or other financial instrument, in one of the two highest long term Rating Categories by one or more of the Rating Agencies.

“Subordinate Reserve Requirement” means with respect to the Subordinate Reserve Fund, an amount equal to the lesser of (a) Subordinate Maximum Aggregate Annual Debt Service for all Series of Subordinate Obligations participating in the Subordinate Reserve Fund, (b) 10% of the principal amount of all Series of Subordinate Obligations participating in the Subordinate Reserve Fund, less for any Series of Subordinate Obligations the amount of original issue discount with respect to such Series of Subordinate Obligations if such original issue discount exceeded 2% on such Series of Subordinate Obligations at the time of their original sale, and (c) 125% of the average Subordinate Aggregate Annual Debt Service for all Series of Subordinate Obligations participating in the Subordinate Reserve Fund. When calculating the Subordinate Reserve Requirement, all references to Fiscal Year will mean a 12-month period beginning on July 2 of each given year and ending on July 1 of the immediate subsequent year.

“Subordinate Responsible Officer” means an officer or assistant officer of the Subordinate Trustee assigned by the Subordinate Trustee to administer the Master Subordinate Indenture.

“Subordinate Revolving Obligations” means the Subordinate Obligations issued and/or incurred under the Master Subordinate Indenture and the Tenth Supplemental Subordinate Indenture that may be outstanding at any one time in the aggregate principal amount of \$200,000,000 and designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations.”

“Subordinate Series 2017A Bonds” means \$146,040,000 original principal amount of Subordinate Obligations designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017A.”

“Subordinate Series 2017B Bonds” means \$145,170,000 original principal amount of Subordinate Obligations designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2017B.”

“Subordinate Series 2017 Bonds” means, collectively, the Subordinate Series 2017A Bonds and the Subordinate Series 2017B Bonds.

“Subordinate Series 2019A Bonds” means \$338,775,000 original principal amount of Subordinate Obligations designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (Governmental/Non-AMT).”

“Subordinate Series 2019B Bonds” means \$124,905,000 original principal amount of Subordinate Obligations designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2019B (Private Activity/AMT).”

“Subordinate Series 2019 Bonds” means, collectively, the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds.

“Subordinate Series 2020A Bonds” means \$26,145,000 original principal amount of Subordinate Obligations designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT).”

“Subordinate Series 2020B Bonds” means \$189,090,000 original principal amount of Subordinate Obligations designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT).”

“Subordinate Series 2020C Bonds” means \$26,405,000 original principal amount of Subordinate Obligations designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020C (Private Activity/AMT).”

“Subordinate Series 2020 Bonds” means, collectively, the Subordinate Series 2020A Bonds, the Subordinate Series 2020B Bonds and the Subordinate Series 2020C Bonds.

“Subordinate Series 2021A Bonds” means \$495,315,000 original principal amount of Subordinate Obligations designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2021A (Governmental/Non-AMT).”

“Subordinate Series 2021B Bonds” means \$1,089,260,000 original principal amount of Subordinate Obligations designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds, Series 2021B (Private Activity/Non-AMT).”

“Subordinate Series 2021C Bonds” means \$357,170,000 original principal amount of Subordinate Obligations designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable).”

“Subordinate Series 2021 Bonds” means, collectively, the Subordinate Series 2021A Bonds, the Subordinate Series 2021B Bonds and the Subordinate Series 2021C Bonds.

“Subordinate Swap Termination Payment” means an amount payable by the Airport Authority or a Subordinate Qualified Swap Provider, in accordance with a Subordinate Qualified Swap, to compensate the other party to the Subordinate Qualified Swap for any losses and costs that such other party may incur

as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Subordinate Qualified Swap.

“Subordinate Tender Indebtedness” means any Subordinate Obligations or portions of Subordinate Obligations a feature of which is an obligation on the part of the Holders, under the terms of such Subordinate Obligations, to tender all or a portion of such Subordinate Obligations to the Airport Authority, the Subordinate Trustee, the Subordinate Paying Agent or other fiduciary or agent or Credit Provider or Liquidity Provider for payment or purchase and requiring that such Subordinate Obligations or portions of Subordinate Obligations be purchased if properly presented.

“Subordinate Trustee” means U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, and any successor thereto.

“Supplemental Senior Indenture” means any document supplementing or amending the Master Senior Indenture or providing for the issuance of Senior Bonds and entered into as provided in the Master Senior Indenture.

“Supplemental Subordinate Indenture” means any document supplementing or amending the Master Subordinate Indenture or providing for the issuance of Subordinate Obligations and entered into as provided in the Master Subordinate Indenture.

“Swap” means any financial arrangement between the Airport Authority and a Swap Provider which provides that (a) each of the parties will pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate) on a Senior Designated Debt or a Subordinate Designated Debt, as the case may be, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid before it is deemed to have accrued, the amount paid will reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid after it is deemed to have accrued will reflect the time value of such funds; and (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one will pay to the other any net amount due under such arrangement.

“Swap Provider” means a party to a Swap with the Airport Authority.

“Synthetic Fixed Rate Debt” means indebtedness issued by the Airport Authority which: (a) is combined, as Senior Designated Debt or a Subordinate Designated Debt, as the case may be, with a Senior Qualified Swap or a Subordinate Qualified Swap, as the case may be, and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (b) consisting of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

“Tenth Supplemental Subordinate Indenture” means the Tenth Supplemental Subordinate Trust Indenture, dated as of July 18, 2024, by and between the Airport Authority and the Subordinate Trustee.

“Underwriters” means, collectively, BofA Securities, Inc., Samuel A. Ramirez & Co., Inc., Academy Securities, Inc., Jefferies LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, and Stern Brothers & Co., as the underwriters of the Senior Series 2025 Bonds.

“Unenhanced Subordinate Commercial Paper Program” will be a Subordinate Commercial Paper Program that is authorized to be issued without the support of a Credit Facility, provided such Subordinate Commercial Paper Program has received a short-term rating of at least “P-2” from Moody’s or “A-2” from S&P.

“Unissued Senior Program Bonds” means the bonds, notes or other indebtedness authorized to be issued pursuant to a Senior Program and payable from Net Revenues, issuable in an amount up to the Senior Authorized Amount relating to such Senior Program, which have been approved for issuance by the Airport Authority pursuant to a resolution adopted by the Board and with respect to which Senior Program the items described in the Master Senior Indenture have been filed with the Senior Trustee but which have not yet been authenticated and delivered pursuant to the Senior Program documents.

“Unissued Subordinate Program Obligations” means the bonds, notes or other indebtedness authorized to be issued pursuant to a Subordinate Program and payable from Subordinate Net Revenues, issuable in an amount up to the Subordinate Authorized Amount relating to such Subordinate Program, which have been approved for issuance by the Airport Authority pursuant to a resolution adopted by the Board and with respect to which Subordinate Program, except as otherwise provided for in the Master Subordinate Indenture, the items described therein have been filed with the Subordinate Trustee but which have not yet been authenticated and delivered pursuant to the Subordinate Program documents.

“United States Bankruptcy Code” means Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

“United States Obligations” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, with respect only to direct and general obligations and not to guaranteed obligations, evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations, provided that investments in such proportionate interests must be limited to circumstances wherein: (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States Obligations are held in a special account separate from the custodian’s general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated. “United States Obligations” will include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Funding Corporation securities.

“Variable Rate Indebtedness” means any Senior Bond, Senior Bonds, Subordinate Obligation or Subordinate Obligations the interest rate on which is not, at the time in question, fixed to maturity, excluding any Senior Commercial Paper Program or Subordinate Commercial Paper Program.

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APPENDIX C-2

SUMMARY OF MASTER SENIOR INDENTURE

In addition to certain information contained under the captions “DESCRIPTION OF THE SENIOR SERIES 2025 BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS” in the forepart of this Official Statement, the following is a summary of certain provisions of the Master Senior Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Master Senior Indenture.

Grant to Secure Senior Bonds; Pledge of Net Revenues

To secure the payment of the principal and Accreted Value of, premium, if any, and interest on the Senior Bonds and the performance and observance by the Airport Authority of all the covenants, agreements and conditions expressed or implied in the Master Senior Indenture or contained in the Senior Bonds, the Airport Authority has pledged and assigned to the Senior Trustee and granted to the Senior Trustee a lien on and security interest in all right, title and interest of the Airport Authority in and to all of the following and provided that such lien and security interest will be prior in right to any other pledge, lien or security interest created by the Airport Authority in the following: (a) the Net Revenues, (b) all moneys and securities (excluding moneys and securities on deposit in any Senior Rebate Fund) held from time to time by the Senior Trustee under the Master Senior Indenture, and to the extent provided in any Supplemental Senior Indenture moneys and securities held in any Senior Construction Fund whether or not held by the Senior Trustee, (c) earnings on amounts included in provisions (a) and (b) of this paragraph (except to the extent excluded from the definition of “Revenues”), and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Senior Trustee as additional security under the Master Senior Indenture, for the equal and proportionate benefit and security of all Senior Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, will, with respect to the security provided by this paragraph, be of equal rank without preference, priority or distinction as to any Senior Bond over any other Senior Bond or Senior Bonds, except as to the timing of payment of the Senior Bonds. Any Senior Debt Service Reserve Fund and any Senior Debt Service Reserve Fund Surety Policy, provided at any time in satisfaction of all or a portion of the reserve requirement with respect to each Senior Debt Service Reserve Fund and any other security, Liquidity Facility or Credit Facility provided for specific Senior Bonds, a specific Series of Senior Bonds or one or more Series of Senior Bonds may, as provided by a Supplemental Senior Indenture, secure only such specific Senior Bonds, Series of Senior Bonds or one or more Series of Senior Bonds and, therefore, will not be included as security for all Senior Bonds under the Master Senior Indenture unless otherwise provided by a Supplemental Senior Indenture and moneys and securities held in trust as provided in the Master Senior Indenture exclusively for Senior Bonds which have become due and payable and moneys and securities which are held exclusively to pay Senior Bonds which are deemed to have been paid under the Master Senior Indenture will be held solely for the payment of such specific Senior Bonds.

Senior Repayment Obligations Afforded Status of Senior Bonds

If a Credit Provider or Liquidity Provider makes payment of principal of and interest on a Senior Bond or advances funds to purchase or provide for the purchase of Senior Bonds and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Airport Authority, but is not reimbursed, the Airport Authority’s Senior Repayment Obligation under such written agreement may, if so provided in the written agreement, be afforded the status of a Senior Bond issued under the Master Senior

Indenture, and, if afforded such status, the Credit Provider or Liquidity Provider will be the Bondholder and such Senior Bond will be deemed to have been issued at the time of the original Senior Bond for which the Credit Facility or Liquidity Facility was provided and will not be subject to the issuance provisions of the Master Senior Indenture; provided, however, notwithstanding the stated terms of the Senior Repayment Obligation, the payment terms of the Senior Bond held by the Credit Provider or Liquidity Provider under the Master Senior Indenture will be as follows (unless otherwise provided in the written agreement with the Airport Authority or a Supplemental Senior Indenture pursuant to which the Senior Bonds are issued): (a) interest will be due and payable semiannually and (b) principal will be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, if shorter, (ii)(A) a term extending to the maturity date of the enhanced Senior Bonds or (B) if longer, the final maturity of the Senior Repayment Obligation under the written agreement, and providing substantially level Senior Annual Debt Service payments, using the rate of interest set forth in the written repayment agreement which would apply to the Senior Repayment Obligation as of the date such amortization schedule is fixed. The principal amortized as described in the prior sentence will bear interest in accordance with the terms of the Senior Repayment Obligation. Any amount which comes due on the Senior Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Senior Bond will be a Subordinated Obligation of the Airport Authority. This provision will not defeat or alter the rights of subrogation which any Credit Provider may have under law or under the terms of any Supplemental Senior Indenture. The Senior Trustee may conclusively rely on a written certification by the Credit Provider or Liquidity Provider of the amount of such non-reimbursement and that such Senior Repayment Obligation is to be afforded the status of a Senior Bond under the Master Senior Indenture.

Funds and Accounts

Funding of Senior Debt Service Funds. So long as any of the Senior Bonds are Outstanding, not later than the 15th day of each calendar month, the Airport Authority will withdraw from the Revenue Account and pay to the Senior Trustee for deposit in the Senior Debt Service Funds established with respect to each Series of Senior Bonds: (a) sums in equal fractional parts for each one-half year so that at least the full amount required to pay the interest on Senior Bonds of that Series, as it becomes due, will be set aside in that Senior Debt Service Fund by not later than the 15th day of the month prior to the date each installment of interest becomes due; (b) sums in equal fractional parts for each year so that at least the full amount required to pay, as it becomes due at maturity, the Senior Principal Amount of Senior Bonds of that Series, will be set aside in that Senior Debt Service Fund by not later than the 15th day of the month prior to the date such Senior Principal Amount becomes due; and (c) sums in equal fractional parts for each year so that at least the full amount required to pay, as it becomes due, the sinking installment payment, if any, due with respect to Senior Term Bonds of such Series will be set aside in that Senior Debt Service Fund by not later than the 15th day of the month prior to the date such sinking installment payment becomes due. No such transfer need be made in respect of any Series of Senior Bonds prior to the actual delivery of that Series of Senior Bonds to the purchasers thereof; provided, however, that subsequent to the issuance of such Series of Senior Bonds, there will be transferred and paid from the Revenue Account to the Senior Debt Service Fund established for that Series of Senior Bonds, equal monthly sums at least sufficient together with other transfers required to be made, commencing not later than the 15th day of the calendar month immediately succeeding the issuance of such Series of Senior Bonds, so that interest due on such Series of Senior Bonds on the first interest payment date to occur after the issuance of such Series of Senior Bonds will be fully funded at least one Business Day prior to the date the first installment of interest is due on such Series of Senior Bonds, and, if the first principal payment or sinking fund installment of such Series of Senior Bonds is due less than twelve months after the issuance of such Series of Senior Bonds, there will be transferred and paid from the Revenue Account to the Senior Debt Service Fund established for that Series of Senior Bonds, equal monthly sums at least sufficient together with other transfers required to be made, commencing not later than the 15th day of the calendar month immediately succeeding the issuance

of such Series of Senior Bonds, so that principal or sinking fund installments of such Series of Senior Bonds due on the first principal payment date to occur after the issuance of such Series of Senior Bonds will be fully funded at least one Business Day prior to the date the first principal payment or sinking fund installment is due on such Series of Senior Bonds. On any day on which the Senior Trustee receives funds from the Airport Authority to be used to pay principal or sinking fund installments of or interest on Senior Bonds, the Senior Trustee will, if the amount received is fully sufficient to pay all amounts of principal or sinking fund installments and interest then due or becoming due on the next Payment Date, deposit such amounts into the respective Senior Debt Service Funds for the Series of Senior Bonds for which such payments were made. Notwithstanding any of the foregoing provisions of this paragraph, no amount need be transferred from the Revenue Account or otherwise deposited into any Senior Debt Service Fund for any Series of Senior Bonds for the payment of principal or sinking fund installments or interest, respectively, if the amount already on deposit therein and available for such purpose is sufficient to pay in full the amount of principal or sinking fund installments and/or interest, respectively, coming due on such Senior Bonds on the next succeeding Payment Date.

The Airport Authority may provide in any Supplemental Senior Indenture that, as to any Series of Senior Bonds Outstanding, any amounts required to be transferred to and paid into a Senior Debt Service Fund may be prepaid, in whole or in part, by being earlier transferred to and paid into that Senior Debt Service Fund, and in that event any subsequently scheduled monthly transfer, or any part thereof, which has been so prepaid need not be made at the time appointed therefor. In any Supplemental Indenture, the Airport Authority may provide that moneys in the redemption account allocable to sinking fund installment payments of a Series may, at the discretion of the Airport Authority, be applied to the purchase and cancellation of such Series (at a price not greater than par) prior to notice of redemption of such Series. Such Senior Bonds so delivered or previously redeemed or purchased at the direction of the Airport Authority will be credited by the Senior Trustee at the Senior Principal Amount thereof to the next scheduled sinking installment payments on Senior Bonds of such Series and any excess over the sinking installment payment deposit required on that date will be credited against future sinking installment deposits in such manner and order as the Airport Authority may determine in its discretion, and the scheduled Senior Principal Amount of the Senior Bonds to be redeemed by operation of such sinking installment payments will be accordingly modified in such manner as the Airport Authority may determine and as specified to the Senior Trustee in writing.

Money set aside and placed in a Senior Debt Service Fund for any Series of Senior Bonds will remain therein until from time to time expended for the aforesaid purposes thereof and will not be used for any other purpose whatsoever, except that any such money so set aside and placed in a Senior Debt Service Fund may be temporarily invested as provided in the Master Senior Indenture, but such investment will not affect the obligation of the Airport Authority to cause the full amount required by the terms of this section to be available in a Senior Debt Service Fund at the time required to meet payments of principal of and interest on Senior Bonds of the Series for which it is accumulated. Earnings on such investments upon written request of the Airport Authority may be transferred into the Revenue Account, except that during the continuation of a Senior Event of Default, such earnings will remain in the Senior Debt Service Funds created under the respective Supplemental Senior Indentures.

Each Senior Debt Service Fund established to pay principal of and interest on any Series of Senior Bonds will be held by the Senior Trustee or any agent of the Senior Trustee, and amounts to be used to pay principal of and interest on such Series, as received by the Senior Trustee or its agent, will be deposited therein and used for such purpose. Accounts and subaccounts will be created by the Senior Trustee or any agent of the Senior Trustee in the various Senior Debt Service Funds as requested in writing by the Authorized Authority Representative and will be held by the Senior Trustee or such agents as will be provided by the Supplemental Indenture.

The moneys in each Senior Debt Service Fund established for any Series of Senior Bonds will be held in trust and applied as provided herein and in the Supplemental Senior Indenture, and pending the application of such amounts in accordance herewith and with the provisions of such Supplemental Senior Indenture will be subject to a lien on and security interest in favor of the holders of the Outstanding Senior Bonds of such Series.

On each Payment Date for any Outstanding Senior Bonds, the Senior Trustee will pay to the Owners of the Senior Bonds of a given Series from the appropriate Senior Debt Service Fund or Senior Debt Service Funds, an amount equal to the principal and interest becoming due on such Series of Senior Bonds.

The payments made by the Senior Trustee in this section will be made solely to the extent that moneys are on deposit in the appropriate Senior Debt Service Fund.

All money remaining in a Senior Debt Service Fund on the final Payment Date, in excess of the amount required to make provisions for the payment in full of the interest and/or the principal of the Senior Bonds of the Series for which that Senior Debt Service Fund was established or the payment of amounts required to be rebated, pursuant to the Code, to the United States of America with respect to Senior Bonds of that Series, will be returned to the Airport Authority upon its written request and deposited by the Airport Authority in the Revenue Account.

The Senior Trustee will, at least 10 days prior to each Payment Date on any Senior Bond, or as otherwise directed in any Supplemental Senior Indenture, give the Airport Authority notice by telephone, promptly confirmed in writing, of any additional amount required to be deposited with the Senior Trustee to pay the amount required to be paid on such Payment Date in respect of such Senior Bond, in the event the amount then on deposit in any Senior Debt Service Fund is insufficient to pay the amounts due on any Series of Senior Bonds on such Payment Date. With respect to any Series of Senior Bonds, the Supplemental Senior Indenture under which such Senior Bonds are issued may provide for different times and methods of notifying the Airport Authority of payment dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Senior Indenture will control.

Notwithstanding anything in the Master Senior Indenture to the contrary, including the provisions of the ninth paragraph of this section, if, on any Payment Date, the Senior Trustee does not have sufficient amounts in the Senior Debt Service Funds (without regard to any amounts which may be available in a Senior Debt Service Reserve Fund) to pay in full with respect to Senior Bonds of all Series all amounts of principal and/or interest due on such date, the Senior Trustee will allocate the total amount which is available to make payment on such day (without regard to any amounts in a Senior Debt Service Reserve Fund) as follows: first, to the payment of past due interest on Senior Bonds of any Series, in the order in which such interest came due, second, to the payment of past due principal on Senior Bonds of any Series, in the order in which such principal came due, third, to the payment of interest then due and payable on the Senior Bonds of each Series due on such Payment Date and, if the amount available will not be sufficient to pay in full all interest on the Senior Bonds then due, then pro rata among the Series according to the amount of interest then due, and fourth, to the payment of principal then due on the Senior Bonds and, if the amount available will not be sufficient to pay in full all principal on the Senior Bonds then due, then pro rata among the Series according to the Senior Principal Amount then due on the Senior Bonds.

If a Senior Debt Service Reserve Fund or Senior Debt Service Reserve Funds (or a Credit Facility provided in lieu thereof) have been used to make payments on Senior Bonds secured thereby, then the Airport Authority may be required by a Supplemental Senior Indenture to replenish such Senior Debt Service Reserve Fund or Senior Debt Service Reserve Funds or reimburse the Credit Provider from Net Revenues provided that (a) no amount from Net Revenues may be used for such purpose until all payments

of principal of and interest on all Senior Bonds which have become due and payable will have been paid in full, (b) the required payments to replenish any such Senior Debt Service Reserve Fund or Senior Debt Service Reserve Funds or reimburse the Credit Provider will be due in no more than twelve substantially equal monthly installments commencing in the month following any such withdrawal and (c) if the aggregate amount of payments due on any date to replenish the Senior Debt Service Reserve Fund or Senior Debt Service Reserve Funds exceeds the amount available for such purpose, the payments made to the Senior Trustee for such purpose will be allocated among the various Senior Debt Service Reserve Funds pro rata on the basis of the Outstanding Senior Principal Amount of Senior Bonds secured thereby.

Notwithstanding the foregoing, the Airport Authority may, in the Supplemental Senior Indenture authorizing such Series of Senior Bonds, provide for different provisions and timing of deposits with the Senior Trustee and different methods of paying principal of or interest on such Senior Bonds depending upon the terms of such Senior Bonds and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Senior Debt Service Fund created for the Series of Senior Bonds for which such Credit Facility is provided.

If the Net Revenues are at any time insufficient to make the deposits required to make payments on the Senior Bonds, the Airport Authority may, at its election, pay to the Senior Trustee funds from any available sources with the direction that such funds be deposited into the Senior Debt Service Funds or into a specified account or accounts or subaccount or subaccounts therein.”

Operation and Maintenance Reserve Subaccount. The Airport Authority will create and maintain, within the Revenue Account, a special subaccount to be designated as the “Operation and Maintenance Reserve Subaccount.” Upon adoption of the annual budget of the Airport Authority for Operation and Maintenance Expenses of the Airport System, the Airport Authority will recalculate the Operation and Maintenance Reserve Subaccount Requirement. To the extent amounts on deposit in the Operation and Maintenance Reserve Subaccount exceed the Operation and Maintenance Reserve Subaccount Requirement on the date of any such recalculation, the Airport Authority may transfer such excess to the Revenue Account. To the extent amounts on deposit in the Operation and Maintenance Reserve Subaccount on the date of any such recalculation are less than the recalculated Operation and Maintenance Reserve Subaccount Requirement, the Airport Authority will increase the amount on deposit in the Operation and Maintenance Reserve Subaccount to the recalculated Operation and Maintenance Reserve Subaccount Requirement no later than the last Business Day of the month of such recalculation.

In the event of any withdrawal from the Operation and Maintenance Reserve Subaccount, other than such withdrawal as is permitted pursuant to the immediately preceding paragraph, the Airport Authority will deposit monthly in the Operation and Maintenance Reserve Subaccount an amount equal to one-twelfth (1/12th) of the aggregate amount of such withdrawal until the balance in the Operation and Maintenance Reserve Subaccount is at least equal to the Operation and Maintenance Reserve Subaccount Requirement.

All amounts in the Operation and Maintenance Reserve Subaccount will be used and applied by the Airport Authority: (a) to pay Operation and Maintenance Expenses of the Airport System; (b) to make any required payments or deposits to pay or secure the payment of the principal of, or interest on, or premium, if any, on the Senior Bonds; and (c) to pay the costs of any additions, improvements, repairs, renewals or replacements to the Airport System, in each case only if and to the extent that moneys otherwise available to make such payments or deposits are insufficient.

Renewal and Replacement Subaccount. The Airport Authority will create and maintain, within the Revenue Account, a special subaccount to be designated as the “Renewal and Replacement Subaccount.” The Airport Authority will fund the Renewal and Replacement Subaccount in amount equal

to the Renewal and Replacement Subaccount Requirement. In the event of any deficiency in the Renewal and Replacement Subaccount, the Airport Authority will deposit monthly in the Renewal and Replacement Subaccount an amount equal to one-twelfth (1/12th) of the aggregate amount of any such deficiency until the balance in the Renewal and Replacement Subaccount is at least equal to the Renewal and Replacement Subaccount Requirement.

All amounts in the Renewal and Replacement Subaccount will be used and applied by the Airport Authority: (a) to pay the costs of any extraordinary repairs, renewals or replacements to the Airport System; and (b) to make any required payments or deposits to pay or secure the payment of the principal of, or interest on, or premium, if any, on the Senior Bonds.

Additional Security. The pledge of Net Revenues and the other security provided in the Granting Clauses of the Master Senior Indenture, secure all Senior Bonds issued under the terms of the Master Senior Indenture on an equal and ratable basis, except as to the timing of such payments. The Airport Authority may, however, in its discretion, provide additional security or credit enhancement for specified Senior Bonds or Series of Senior Bonds with no obligation to provide such additional security or credit enhancement to other Senior Bonds.

Payment of Principal and Interest

The Airport Authority has covenanted and agreed that it will duly and punctually pay or cause to be paid from the Net Revenues and to the extent thereof the principal of, premium, if any, and interest on every Senior Bond at the place and on the dates and in the manner set forth in the Master Senior Indenture, in the Supplemental Senior Indentures and in the Senior Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements in the Master Senior Indenture and in the Senior Bonds contained, provided that the Airport Authority's obligation to make payment of the principal of, premium, if any, and interest on the Senior Bonds will be limited to payment from the Net Revenues, the funds and accounts pledged therefor in the Granting Clauses of the Master Senior Indenture and any other source which the Airport Authority may specifically provide for such purpose and no Bondholder will have any right to enforce payment from any other funds of the Airport Authority.

Subordinated Obligations

The Airport Authority may, from time to time, incur indebtedness which is subordinate to the Senior Bonds and which indebtedness is referred to in the Master Senior Indenture as Subordinated Obligations. Such indebtedness will be incurred at such times and upon such terms as the Airport Authority will determine, provided that: (a) any Supplemental Senior Indenture authorizing the issuance of any Subordinated Obligations will specifically state that such lien on or security interest granted in the Net Revenues is junior and subordinate to the lien on and security interest in such Net Revenues and other assets granted to secure the Senior Bonds; and (b) payment of principal of and interest on such Subordinated Obligations will be permitted, provided that all deposits required to be made pursuant to the Master Senior Indenture, if any, are then current in accordance with the Master Senior Indenture.

Special Facilities and Special Facility Obligations

The Airport Authority is permitted to designate new or existing Airport Facilities as Special Facilities. The Airport Authority may, from time to time, and subject to the terms and conditions of the Master Senior Indenture, (a) designate a separately identifiable existing facility or planned facility as a "Special Facility," (b) pursuant to an indenture other than the Master Senior Indenture and without a pledge of any Net Revenues, incur debt primarily for the purpose of acquiring, constructing, renovating or

improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility, (c) provide that certain of the contractual payments derived from or related to such Special Facility, together with other income and revenues available to the Airport Authority from such Special Facility to the extent necessary to make the payments required by clause (i) of the second succeeding paragraph, be “Special Facilities Revenue” and not included as Revenues or Net Revenues unless on terms provided in any supplemental indenture, and (d) provide that the debt so incurred will be a “Special Facility Obligation” and the principal of and interest thereon will be payable solely from the Special Facilities Revenue. The Airport Authority may from time to time refinance any such Special Facility Obligations with other Special Facility Obligations.

Special Facility Obligations will be payable as to principal, redemption premium, if any, and interest solely from Special Facilities Revenue, which will include contractual payments derived by the Airport Authority under and pursuant to a contract (which may be in the form of a lease) relating to a Special Facility by and between the Airport Authority and another person, firm or corporation, either public or private, as will undertake the operation of a Special Facility.

No Special Facility Obligations will be issued by the Airport Authority unless there will have been filed with the Senior Trustee a certificate of an Authorized Authority Representative stating that: (i) the estimated Special Facilities Revenue pledged to the payment of 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 Airport Authority and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and (ii) 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 Airport Authority will be in compliance with the provisions of the rate covenant of the Master Senior Indenture; and (iii) no Senior Event of Default then exists under the Master Senior Indenture.

To the extent Special Facilities Revenue received by the Airport Authority during any Fiscal Year will exceed the amounts required to be paid pursuant to clause (i) of the immediately preceding paragraph for such Fiscal Year, such excess Special Facilities Revenue, to the extent not otherwise encumbered or restricted, will constitute Revenues.

Notwithstanding any other provision of this section, at such time as the Special Facility Obligations issued for an Special Facility including Special Facility Obligations issued to refinance Special Facility Obligations are fully paid or otherwise discharged, all revenues of the Airport Authority from such facility will be included as Revenues.

Operation and Maintenance of Airport System

Subject to the transfer of any Airport Facilities pursuant to the Master Senior Indenture, the Airport Authority has covenanted that the Airport System will at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises will be complied with (provided the Airport Authority will not be required to comply with any such orders so long as the validity or application thereof will be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System will be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System will be made, subject to sound business judgment. Subject to the transfer of any Airport Facilities pursuant to the Master Senior Indenture, the Airport Authority will, from time to time, duly pay and

discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Airport Authority, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Revenues or Net Revenues, when the same will become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Revenues or Net Revenues or the Airport System or any part thereof constituting part of the Airport System.

Insurance; Application of Insurance Proceeds

Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions: (a) the Airport Authority will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self-Insurance (as defined below) with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance or Qualified Self-Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Airport Authority, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports; and (b) the Airport Authority will place on file with the Senior Trustee, annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Authority Representative containing a summary of all insurance policies and self-insured programs then in effect with respect to the Airport System and the operations of the Airport Authority. The Senior Trustee may conclusively rely upon such certificate and will not be responsible for the sufficiency or adequacy of any insurance required in the Master Senior Indenture or obtained by the Airport Authority.

“Qualified Self-Insurance” means insurance maintained through a program of self-insurance or insurance maintained with a fund, company or association in which the Airport Authority may have a material interest and of which the Airport Authority may have control, either singly or with others. Each plan of Qualified Self-Insurance will be established in accordance with law, will provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Airport Authority determines to be reasonable to protect against risks assumed under the Qualified Self-Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self-Insurance, and such self-insurance program will be reviewed at least once every 12 months by a Consultant who will deliver to the Airport Authority a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, they will make a recommendation as to the amount of reserves that should be established and maintained, and the Airport Authority will comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Airport Authority.

If, as a result of any event, any part of the Airport System is destroyed or severely damaged, the Airport Authority will create within the Revenue Account a special account and will credit the Net Proceeds received as a result of such event of damage or destruction to such account and such Net Proceeds will, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (i) repair or replace the Airport System, or portion thereof, which were damaged or destroyed, (ii) provide additional revenue-producing Airport Facilities, (iii) redeem Senior Bonds, or (iv) create an escrow fund pledged to pay specified Senior Bonds and thereby cause such Senior Bonds to be deemed to be paid as provided in the Master Senior Indenture; provided, however, that the Airport Authority will first deliver to the Senior Trustee a certificate of a Consultant showing that, after taking into account the use of the Net Proceeds for the redemption of such specified Senior Bonds, the rate covenant as set forth in the Master Senior Indenture would, nevertheless, be met.

Transfer of Airport Facility or Airport Facilities

The Airport Authority will not, except as provided in Section 170060 of the Act and except as permitted below, transfer, sell or otherwise dispose of an Airport Facility or Airport Facilities. For purposes of this section, any transfer of an asset over which the Airport Authority retains substantial control in accordance with the terms of such transfer, will not, for so long as the Airport Authority has such control, be deemed a disposition of an Airport Facility or Airport Facilities.

Except as otherwise provided in Section 170060 of the Act, the Airport Authority may transfer, sell or otherwise dispose of Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions: (a) the property being disposed of is inadequate, obsolete or worn out; or (b) the property proposed to be disposed of and all other Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under the preceding paragraph), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the Revenue Account to be used as described below and the Airport Authority believes that such disposal will not prevent it from fulfilling its obligations under the Master Senior Indenture; or (c) the Airport Authority receives fair market value for the property, the proceeds are deposited in the Revenue Account to be used as described below, and prior to the disposition of such property, there is delivered to the Senior Trustee a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Airport Authority as evidenced by a certificate of an Authorized Authority Representative, the Consultant estimates that the Airport Authority will be in compliance with the rate covenant of the Master Senior Indenture during each of the first five Fiscal Years immediately following such disposition.

Proceeds of the disposition of assets under the preceding two paragraphs above will be deposited into the Revenue Account and used, within a reasonable period of time, not to exceed three years, to (i) provide additional revenue-producing Airport Facilities, (ii) redeem Senior Bonds or (iii) create an escrow fund pledged to pay specified Senior Bonds and thereby cause such Senior Bonds to be deemed to be paid as provided in the Master Senior Indenture.

Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes will not be disposed of, except under the terms of the first paragraph of this section above, unless the Airport Authority has first received a written opinion of Bond Counsel to the effect that such disposition will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

Investments

Moneys held by the Airport Authority and/or the Senior Trustee in the funds and accounts created in the Master Senior Indenture and under any Supplemental Senior Indenture will be invested and reinvested as directed by the Airport Authority, in Senior Permitted Investments subject to the restrictions set forth in the Master Senior Indenture and such Supplemental Senior Indenture and subject to the investment restrictions imposed upon the Airport Authority by the laws of the State and the Airport Authority's investment policy. The Airport Authority will direct such investments by written certificate (upon which the Senior Trustee may conclusively rely) of an Authorized Authority Representative or by telephone instruction followed by prompt written confirmation by an Authorized Authority Representative; in the absence of any such instructions, the Senior Trustee will, to the extent practicable, invest in Senior Permitted Investments specified in item (a) of the definition thereof, which includes a money market fund comprised of United States Obligations, or in a money market fund or account of the Senior Trustee, provided it meets the requirements specified in (i) of the definition of Senior Permitted Investments, which are Senior Permitted Investments under State law.

Defeasance

Senior Bonds or portions thereof (such portions to be in integral multiples of the authorized denomination) which have been paid in full or which are deemed to have been paid in full will no longer be secured by or entitled to the benefits of the Master Senior Indenture except for the purposes of payment from moneys, Government Obligations or obligations described in item (b) of the definition of Senior Permitted Investments held by the Senior Trustee or a Senior Paying Agent for such purpose. When all Senior Bonds which have been issued under the Master Senior Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable under the Master Senior Indenture by the Airport Authority, including all necessary and proper fees, compensation and expenses of the Senior Trustee, the Senior Registrar and the Senior Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Senior Trustee in and to the pledge of Net Revenues and the other assets pledged to secure the Senior Bonds under the Master Senior Indenture will thereupon cease, terminate and become void, and thereupon the Senior Trustee will cancel, discharge and release the Master Senior Indenture, will execute, acknowledge and deliver to the Airport Authority such instruments as will be requisite to evidence such cancellation, discharge and release and will assign and deliver to the Airport Authority any property and revenues at the time subject to the Master Senior Indenture which may then be in the Senior Trustee's possession, except funds or securities in which such funds are invested and are held by the Senior Trustee or the Senior Paying Agent for the payment of the principal of, premium, if any, and interest on the Senior Bonds.

A Senior Bond will be deemed to be paid within the meaning of the Master Senior Indenture and for all purposes of the Master Senior Indenture when payment of the principal, interest and premium, if any, either (a) will have been made or caused to be made in accordance with the terms of the Senior Bonds and the Master Senior Indenture or (b) will have been provided for, as certified to the Senior Trustee by a nationally recognized accounting firm, by irrevocably depositing with the Senior Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government Obligations or obligations described in item (b) of the definition of Senior Permitted Investments, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment. At such times as Senior Bonds will be deemed to be paid under the Master Senior Indenture, such Senior Bonds will no longer be secured by or entitled to the benefits of the Master Senior Indenture, except for the purposes of payment from such moneys, Government Obligations or obligations described in item (b) of the definition of Senior Permitted Investments.

Any deposit under clause (b) of the foregoing paragraph will be deemed a payment of such Senior Bonds. Once such deposit will have been made, the Senior Trustee will notify all holders of the affected Senior Bonds that the deposit required by (b) above has been made with the Senior Trustee and that such Senior Bonds are deemed to have been paid in accordance with the Master Senior Indenture. Notice of redemption will be required at the time of such defeasance or prior to such date as may be required by the Supplemental Senior Indenture under which such Senior Bonds were issued. The Airport Authority may at any time, prior to issuing such notice of redemption as may be required by the Supplemental Senior Indenture under which such Senior Bonds were issued, modify or otherwise change the scheduled date for the redemption or payment of any Senior Bond deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Senior Bonds or the Master Senior Indenture subject to (A) receipt of an approving opinion of nationally recognized Bond Counsel that such action will not adversely affect the tax-exemption of any Senior Bond or Senior Bonds then Outstanding and (B) receipt of an approving opinion of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations and/or obligations described in item (b) of the definition of Senior Permitted Investments to provide for the payment of such Senior Bonds. Notwithstanding anything in the Master Senior Indenture to the contrary, monies from the trust or escrow established for the defeasance of Senior

Bonds may be withdrawn and delivered to the Airport Authority so long as the requirements of subparagraphs (A) and (B) above are met prior to or concurrently with any such withdrawal.

Senior Defaults and Remedies

Senior Events of Default. Each of the following events will constitute and is referred to in the Master Senior Indenture as a “Senior Event of Default”:

(a) a failure to pay the principal of or premium, if any, on any of the Senior Bonds when the same will become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Senior Bonds when such interest will become due and payable;

(c) a failure to pay the purchase price of any Senior Bond when such purchase price will be due and payable upon an optional or mandatory tender date as provided in a Supplemental Senior Indenture;

(d) a failure by the Airport Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) of this section) that are to be observed or performed by the Airport Authority and which are contained in the Master Senior Indenture or a Supplemental Senior Indenture, which failure, except for a violation under the rate covenant provisions of the Master Senior Indenture which will be controlled by the provisions set forth therein, will continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Airport Authority by the Senior Trustee, which notice may be given at the discretion of the Senior Trustee and will be given at the written request of holders of 25% or more of the Senior Principal Amount of the Senior Bonds then Outstanding, unless the Senior Trustee, or the Senior Trustee and the holders of Senior Bonds in a Senior Principal Amount not less than the Senior Principal Amount of Senior Bonds the holders of which requested such notice, will agree in writing to an extension of such period prior to its expiration; provided, however, that the Senior Trustee or the Senior Trustee and the holders of such principal amount of Senior Bonds will be deemed to have agreed to an extension of such period if corrective action is initiated by the Airport Authority within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code, or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Airport Authority and, if instituted against the Airport Authority, said proceedings are consented to or are not dismissed within 60 days after such institution; or

(f) the occurrence of any other Senior Event of Default as is provided in a Supplemental Senior Indenture.

If, on any date on which payment of principal of or interest on the Senior Bonds is due and sufficient moneys are not on deposit with the Senior Trustee or Senior Paying Agent to make such payment, the Senior Trustee will give telephone notice of such insufficiency to the Airport Authority.

Remedies.

(a) Upon the occurrence and continuance of any Senior Event of Default, the Senior Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the Senior Principal Amount of the Senior Bonds then Outstanding and receipt of indemnity to its satisfaction, will, in its own name and as the Senior Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Airport Authority to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act or any other law to which it is subject and the Master Senior Indenture;

(ii) bring suit upon the Senior Bonds;

(iii) commence an action or suit in equity to require the Airport Authority to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

(b) The Senior Trustee will be under no obligation to take any action with respect to any Senior Event of Default unless the Senior Trustee has actual knowledge of the occurrence of such Senior Event of Default.

(c) In no event, upon the occurrence and continuation of a Senior Event of Default, will the Senior Trustee, the Bondholders, a Credit Provider, a Liquidity Provider or any other party have the right to accelerate the payment of principal of and interest on the Senior Bonds Outstanding.

Bondholders' Right to Direct Proceedings. Anything in the Master Senior Indenture to the contrary notwithstanding, holders of a majority in Senior Principal Amount of the Senior Bonds then Outstanding will have the right, at any time, by an instrument in writing executed and delivered to the Senior Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Senior Trustee under the Master Senior Indenture to be taken in connection with the enforcement of the terms of the Master Senior Indenture or exercising any trust or power conferred on the Senior Trustee by the Master Senior Indenture; provided that such direction will not be otherwise than in accordance with the provisions of the law and the Master Senior Indenture and that there will have been provided to the Senior Trustee security and indemnity satisfactory to the Senior Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Senior Trustee.

Limitation on Right To Institute Proceedings. No Bondholder will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Master Senior Indenture, or any other remedy under the Master Senior Indenture or on such Senior Bonds, unless such Bondholder or Bondholders previously will have given to the Senior Trustee written notice of a Senior Event of Default as provided above and unless also holders of 25% or more of the Senior Principal Amount of the Senior Bonds then Outstanding will have made written request of the Senior Trustee to do so, after the right to institute such suit, action or proceeding under the Master Senior Indenture will have accrued, and will have afforded the Senior Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also will have been offered to the Senior Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Senior Trustee will not have complied with such request within a reasonable time; and such notification, request

and offer of indemnity are declared in every such case, at the option of the Senior Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Bondholders will have any right in any manner whatever by their action to affect, disturb or prejudice the security of the Master Senior Indenture, or to enforce any right under the Master Senior Indenture or under the Senior Bonds, except in the manner provided in the Master Senior Indenture, and that all suits, actions and proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Master Senior Indenture and for the equal benefit of all Bondholders.

Application of Moneys. If a Senior Event of Default will occur and be continuing, all amounts then held or any moneys received by the Senior Trustee, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of the Master Senior Indenture (which will not include moneys provided through a Credit Facility, which moneys will be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Senior Trustee (including attorneys' fees and disbursements), will be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Senior Bonds, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Senior Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available will not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Senior Bonds which will have become due with interest on such Senior Bonds at such rate as provided in a Supplemental Senior Indenture from the respective dates upon which they became due and, if the amount available will not be sufficient to pay in full Senior Bonds on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys will be applied at such times, and from time to time, as the Senior Trustee will determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Senior Trustee will apply such funds, it will fix the date (which will be an interest Payment Date unless it will deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date will cease to accrue. The Senior Trustee will give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Bondholders and will not be required to make payment to any Bondholder until such Senior Bonds will be presented to the Senior Trustee for appropriate endorsement or for cancellation if fully paid.

The Senior Trustee

Standard of Care. If a Senior Event of Default has occurred and is continuing, the Senior Trustee will exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Senior Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (i) the Senior Trustee will not be liable for any error of judgment made in good faith by a Senior Responsible Officer unless the Senior Trustee was negligent in ascertaining the pertinent facts; and (ii) the Senior Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Bondholders or the Airport Authority in the manner provided in the Master Senior Indenture.

Individual Rights of Senior Trustee. The Senior Trustee in its individual or any other capacity may become the owner or pledgee of Senior Bonds and may otherwise deal with the Airport Authority with the same rights it would have if it were not Senior Trustee. Any Senior Paying Agent or other agent may do the same with like rights.

Notice of Defaults. If (a) a Senior Event of Default has occurred or (b) an event has occurred which with the giving of notice and/or the lapse of time would be a Senior Event of Default and, with respect to such events for which notice to the Airport Authority is required before such events will become Events of Default, such notice has been given, then the Senior Trustee will promptly, after obtaining actual notice of such Senior Event of Default or event described in (b) above, give notice thereof to each Bondholder. Except in the case of a default in payment or purchase on any Senior Bonds, the Senior Trustee may withhold the notice if and so long as a committee of its Senior Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Eligibility of Senior Trustee. The Master Senior Indenture will always have a Senior Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition.

Replacement of Senior Trustee. The Senior Trustee may resign by notifying the Airport Authority in writing prior to the proposed effective date of the resignation. The holders of a majority in Senior Principal Amount of the Senior Bonds may remove the Senior Trustee by notifying the removed Senior Trustee and may appoint a successor Senior Trustee with the Airport Authority's consent. The Airport Authority may remove the Senior Trustee, by notice in writing delivered to the Senior Trustee at least 60 days prior to the proposed removal date; provided, however, that the Airport Authority will have no right to remove the Senior Trustee during any time when a Senior Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be a Senior Event of Default.

No resignation or removal of the Senior Trustee under this section will be effective until a new Senior Trustee has taken office and delivered a written acceptance of its appointment to the retiring Senior Trustee and to the Airport Authority. Immediately thereafter, the retiring Senior Trustee will transfer all property held by it as Senior Trustee to the successor Senior Trustee, the resignation or removal of the retiring Senior Trustee will then (but only then) become effective and the successor Senior Trustee will have all the rights, powers and duties of the Senior Trustee under the Master Senior Indenture.

If the Senior Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Master Senior Indenture, the Airport Authority will promptly appoint a successor Senior Trustee.

If a Senior Trustee is not performing its duties under the Master Senior Indenture and a successor Senior Trustee does not take office within 60 days after the retiring Senior Trustee delivers notice of resignation or the Airport Authority delivers notice of removal, the retiring Senior Trustee, the Airport Authority or the holders of a majority in Senior Principal Amount of the Senior Bonds may petition any court of competent jurisdiction for the appointment of a successor Senior Trustee.

Successor Senior Trustee or Agent by Merger. If the Senior Trustee, any Senior Paying Agent or Senior Registrar consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to, another corporation and meets the

qualifications set forth in the Master Senior Indenture, the resulting, surviving or transferee corporation without any further act will be the successor Senior Trustee, Senior Paying Agent or Senior Registrar.

Amendments

Amendments Not Requiring Consent of Bondholders. The Airport Authority may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver Supplemental Senior Indentures supplementing and/or amending the Master Senior Indenture or any Supplemental Senior Indenture as follows:

- (a) to provide for the issuance of a Series or multiple Series of Senior Bonds under the provisions of the Master Senior Indenture and to set forth the terms of such Senior Bonds and the special provisions which will apply to such Senior Bonds;
- (b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Master Senior Indenture or any Supplemental Senior Indenture, provided such supplement or amendment is not materially adverse to the Bondholders;
- (c) to add to the covenants and agreements of the Airport Authority in the Master Senior Indenture or any Supplemental Senior Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Airport Authority, provided such supplement or amendment will not adversely affect the interests of the Bondholders;
- (d) to confirm, as further assurance, any interest of the Senior Trustee in and to the pledge of Net Revenues or in and to the funds and accounts held by the Senior Trustee or in and to any other moneys, securities or funds of the Airport Authority provided pursuant to the Master Senior Indenture or to otherwise add additional security for the Bondholders;
- (e) to evidence any change made in the terms of any Series of Senior Bonds if such changes are authorized by the Supplemental Senior Indenture at the time the Series of Senior Bonds is issued and such change is made in accordance with the terms of such Supplemental Senior Indenture;
- (f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;
- (g) to modify, alter, amend or supplement the Master Senior Indenture or any Supplemental Senior Indenture in any other respect which is not materially adverse to the Bondholders;
- (h) to provide for uncertificated Senior Bonds or for the issuance of coupons and bearer Senior Bonds or Senior Bonds registered only as to principal;
- (i) to qualify the Senior Bonds or a Series of Senior Bonds for a rating or ratings from a Rating Agency;
- (j) to accommodate the technical, operational and structural features of Senior Bonds which are issued or are proposed to be issued or of a Senior Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, swaps, variable rate or adjustable rate bonds, discounted or

compound interest bonds or other forms of indebtedness which the Airport Authority from time to time deems appropriate to incur;

(k) to accommodate the use of a Credit Facility or Liquidity Facility for specific Senior Bonds or a specific Series of Senior Bonds; and

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Senior Bonds, including, without limitation, the segregation of Revenues into different funds.

Before the Airport Authority will, pursuant to this section, execute any Supplemental Senior Indenture, there will have been delivered to the Airport Authority and Senior Trustee an opinion of Bond Counsel to the effect that such Supplemental Senior Indenture: (y) is authorized or permitted by the Master Senior Indenture, the Act and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Airport Authority in accordance with its terms and (z) will not cause interest on any of the Senior Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes. The opinion of Bond Counsel required pursuant to clause (z) in the preceding sentence will not be required for a Supplemental Senior Indenture executed and delivered in accordance with subsection (a) above.

Amendments Requiring Consent of Bondholders. Except for any Supplemental Senior Indenture entered into pursuant to the above section and any Supplemental Senior Indenture entered into pursuant to the following paragraph, subject to the terms and provisions contained in this section and not otherwise, the holders of not less than a majority in aggregate Senior Principal Amount of the Senior Bonds then Outstanding will have the right from time to time to consent to and approve the execution by the Airport Authority of any Supplemental Senior Indenture deemed necessary or desirable by the Airport Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Master Senior Indenture or in a Supplemental Senior Indenture; provided, however, that, unless approved in writing by the holders of all the Senior Bonds then Outstanding or unless such change affects less than all Series of Senior Bonds and the following paragraph (b) is applicable, nothing contained in the Master Senior Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Senior Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Senior Bonds or the rate of interest thereon; and provided that nothing contained in the Master Senior Indenture, including the provisions of the following paragraph, will, unless approved in writing by the holders of all the Senior Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Senior Indenture) upon or pledge of the Net Revenues created by the Master Senior Indenture, ranking prior to or on a parity with the claim created by the Master Senior Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Senior Bonds, a preference or priority of any Senior Bond or Senior Bonds over any other Senior Bond or Senior Bonds with respect to the security granted therefor under the Granting Clauses of the Master Senior Indenture, or (v) a reduction in the aggregate Senior Principal Amount of Senior Bonds the consent of the Bondholders of which is required for any such Supplemental Senior Indenture. Nothing contained in the Master Senior Indenture, however, will be construed as making necessary the approval by Bondholders of the execution of any Supplemental Senior Indenture as authorized in the section above, including the granting, for the benefit of particular Series of Senior Bonds, security in addition to the pledge of the Net Revenues.

The Airport Authority may, from time to time and at any time, execute a Supplemental Senior Indenture which amends the provisions of an earlier Supplemental Senior Indenture under which a Series

or multiple Series of Senior Bonds were issued. If such Supplemental Senior Indenture is executed for one of the purposes set forth in the previous section, no notice to or consent of the Bondholders will be required. If such Supplemental Senior Indenture contains provisions which affect the rights and interests of less than all Series of Senior Bonds Outstanding and the previous section is not applicable, then this paragraph rather than the paragraph above will control and, subject to the terms and provisions contained in this paragraph and not otherwise, the holders of not less than 51% in aggregate Senior Principal Amount of the Senior Bonds of all Series which are affected by such changes will have the right from time to time to consent to any Supplemental Senior Indenture deemed necessary or desirable by the Airport Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Senior Indenture and affecting only the Senior Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Senior Bonds of all the affected Series then Outstanding, nothing contained in the Master Senior Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Senior Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Senior Bonds of such Series or the rate of interest thereon. Nothing contained in the Master Senior Indenture, however, will be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Senior Indenture as authorized in the Master Senior Indenture, including the granting, for the benefit of particular Series of Senior Bonds, security in addition to the pledge of the Net Revenues.

Credit Providers

If a Credit Facility is provided for a Series of Senior Bonds or for specific Senior Bonds, the Airport Authority may in the Supplemental Senior Indenture under which such Senior Bonds are issued, provide any or all of the following rights to the Credit Provider as the Airport Authority deems to be appropriate: (a) the right to make requests of, direct or consent to the actions of the Senior Trustee or to otherwise direct proceedings all as provided in “—Senior Defaults and Remedies” above to the same extent and in place of the Owners of the Senior Bonds which are secured by the Credit Facility and for such purposes the Credit Provider will be deemed to be the Holder of such Senior Bonds; (b) the right to act in place of the Owners of the Senior Bonds which are secured by the Credit Facility for purposes of removing a Senior Trustee or appointing a Senior Trustee under the provisions of the Master Senior Indenture; and (c) the right to consent to Supplemental Senior Indentures, which would otherwise require the consent of the Holders of not less than 51% of the aggregate Senior Principal Amount of the Senior Bonds, entered into pursuant to the provisions of the Master Senior Indenture, except with respect to any amendments described in (i) through (v) of the first paragraph of the section entitled “—Amendments—Amendments Requiring Consent of Bondholders” above and (i) or (ii) of the second paragraph of the section entitled “—Amendments—Amendments Requiring Consent of Bondholders” above which consent of the actual Holders will still be required, of the Master Senior Indenture to the same extent and in place of the Holders of the Senior Bonds which are secured by the Credit Facility and for such purposes the Credit Provider will be deemed to be the Holder of such Senior Bonds.

The rights granted to any such Credit Provider, as described in the previous paragraph, will be disregarded and be of no effect if the Credit Provider is in default of its payment obligations under its Credit Facility.

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APPENDIX C-3

SUMMARY OF SIXTH SUPPLEMENTAL SENIOR INDENTURE

In addition to certain information contained under the captions “DESCRIPTION OF THE SENIOR SERIES 2025 BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS” in this Official Statement, the following is a summary of certain provisions of the Sixth Supplemental Senior Indenture. Such summary is only a brief description of limited provisions of limited provisions of such document and is qualified in its entirety by reference to the full text of the Sixth Supplemental Senior Indenture.

Terms of the Senior Series 2025 Bonds

The Sixth Supplemental Senior Indenture sets forth the terms of the Senior Series 2025 Bonds, most of which terms are described earlier in this Official Statement under “DESCRIPTION OF THE SENIOR SERIES 2025 BONDS.”

Establishment of Funds and Accounts

Pursuant to the Sixth Supplemental Senior Indenture, the Senior Trustee will establish and maintain the following funds and accounts: the Senior Series 2025A Debt Service Fund and the Senior Series 2025B Debt Service Fund (collectively, the “Senior Series 2025 Debt Service Funds”), and within each Senior Series 2025 Debt Service Fund an Interest Account, a Capitalized Interest Account, a Principal Account and a Redemption Account; the Senior Series 2025A Construction Fund and the Senior Series 2025B Construction Fund (collectively, the “Senior Series 2025 Construction Funds”); the Senior Series 2025 Costs of Issuance Fund, and therein a Senior Series 2025A Costs of Issuance Account and a Senior Series 2025B Costs of Issuance Account; the Senior Series 2025 Reserve Account in the Senior Reserve Fund; and the Senior Series 2025 Rebate Fund.

The funds and accounts will be initially funded by the proceeds of the sale of the Senior Series 2025 Bonds as described earlier in this Official Statement under “PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS.”

Senior Series 2025 Debt Service Funds. The Senior Trustee will deposit into the respective Interest Accounts of the Senior Series 2025 Debt Service Funds amounts received from the Airport Authority and amounts to be transferred from the respective Capitalized Interest Accounts of the Senior Series 2025 Debt Service Funds, as provided in the Master Senior Indenture and the Sixth Supplemental Senior Indenture, to be used to pay interest on the Senior Series 2025 Bonds. The Senior Trustee will also deposit into the respective Interest Accounts any other amounts deposited with the Senior Trustee for deposit in the respective Interest Accounts or transferred from other funds and accounts for deposit therein. Earnings on amounts representing Capitalized Interest on deposit in the respective Capitalized Interest Accounts will be retained in the respective Interest Accounts until the Senior Series 2025 Projects are completed. On the completion date of the Senior Series 2025 Projects, any amounts representing Capitalized Interest, and any earnings thereon, remaining on deposit in the respective Capitalized Interest Accounts will be transferred to the respective Senior Series 2025 Construction Funds. Earnings on amounts in the Interest Accounts shall be withdrawn by the Trustee and paid to the Airport Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account.

The Senior Trustee will deposit into the respective Principal Accounts of the Senior Series 2025 Debt Service Funds amounts received from the Airport Authority to be used to pay principal of the Senior

Series 2025 Bonds whether at maturity or by mandatory sinking fund redemption as provided in the Sixth Supplemental Senior Indenture. On or about July 15 of each Fiscal Year, earnings on the respective Principal Accounts will be withdrawn by the Senior Trustee and paid to the Airport Authority for deposit into the Revenue Account unless a Senior Event of Default exists under the Master Senior Indenture, in which event the earnings will be retained in such Principal Accounts.

The Senior Trustee will deposit into the respective Redemption Accounts of the Senior Series 2025 Debt Service Funds amounts received from the Airport Authority or from other sources to be used to pay the redemption price of Senior Series 2025 Bonds being redeemed in advance of their maturity as provided in the Master Senior Indenture. Earnings on amounts in the respective Redemption Accounts will be retained in such account or paid to the Airport Authority for deposit into the Revenue Account in accordance with instructions given to the Senior Trustee by an Authorized Authority Representative at the time of such deposit.

The Senior Series 2025 Debt Service Funds will be invested and reinvested in Senior Permitted Investments as directed by the Airport Authority.

Senior Series 2025 Construction Funds. Amounts in the respective Senior Series 2025 Construction Funds will be disbursed from time to time, upon requisition of the Airport Authority, to pay the costs or to reimburse the Airport Authority for costs incurred in connection with the portion of the Senior Series 2025 Projects for which the Senior Series 2025 Bonds were issued. Moneys held in the respective Senior Series 2025 Construction Funds will be invested and reinvested as directed by an Authorized Authority Representative in Senior Permitted Investments. Earnings on the respective Senior Series 2025 Construction Funds will be retained in the respective Senior Series 2025 Construction Funds.

Senior Series 2025 Costs of Issuance Fund. The proceeds of the Senior Series 2025 Bonds deposited into the Senior Series 2025 Costs of Issuance Fund will be disbursed by the Senior Trustee, from time to time, to pay Costs of Issuance of the Senior Series 2025 Bonds. Amounts in the Senior Series 2025 Costs of Issuance Fund will be invested and reinvested in Senior Permitted Investments as directed by the Airport Authority and the earnings upon such accounts will be credited to such fund.

Senior Series 2025 Reserve Account. For a description of the Senior Reserve Fund and the Senior Series 2025 Reserve Account, reference is made to the forepart of this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Senior Reserve Fund.”

Senior Series 2025 Rebate Fund. The Sixth Supplemental Senior Indenture creates the Senior Series 2025 Rebate Fund for the Senior Series 2025 Bonds established for the purpose of complying with certain provisions of the Code which require that the Airport Authority pay to the United States of America the excess, if any, of the amounts earned on certain funds held by the Senior Trustee with respect to the Senior Series 2025 Bonds over the amounts which would have been earned on such funds if such funds earned interest at a rate equal to the yield on the Senior Series 2025 Bonds. Such excess is to be deposited into the Senior Series 2025 Rebate Fund and periodically paid to the United States of America. The Senior Series 2025 Rebate Fund while held by the Senior Trustee is held in trust for the benefit of the United States of America and is not pledged as security for nor available to make payment on the Senior Series 2025 Bonds.

APPENDIX C-4

SUMMARY OF MASTER SUBORDINATE INDENTURE

In addition to certain information contained under the captions “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE” in the forepart of this Official Statement, the following is a summary of certain provisions of the Master Subordinate Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Master Subordinate Indenture.

Grant to Secure Subordinate Obligations; Pledge of Subordinate Net Revenues

To secure the payment of the principal and Accreted Value of, premium, if any, and interest on the Subordinate Obligations and the performance and observance by the Airport Authority of all the covenants, agreements and conditions expressed or implied in the Master Subordinate Indenture or contained in the Subordinate Obligations, the Airport Authority hereby pledges and assigns to the Subordinate Trustee and grants to the Subordinate Trustee a lien on and security interest in all right, title and interest of the Airport Authority in and to all of the following and provides that such lien and security interest will be prior in right to any other pledge, lien or security interest created by the Airport Authority in the following: (a) the Subordinate Net Revenues, (b) all moneys and securities (excluding moneys and securities on deposit in any Subordinate Rebate Fund) held from time to time by the Subordinate Trustee under the Master Subordinate Indenture, and to the extent provided in any Supplemental Subordinate Indenture moneys and securities held in any Subordinate Construction Fund whether or not held by the Subordinate Trustee, (c) earnings on amounts included in provisions (a) and (b) of this paragraph (except to the extent excluded from the definition of Revenues by the Master Subordinate Indenture), and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Subordinate Trustee as additional security under the Master Subordinate Indenture, for the equal and proportionate benefit and security of all Subordinate Obligations, all of which, regardless of the time or times of their authentication and delivery or maturity, will, with respect to the security provided by this paragraph, be of equal rank without preference, priority or distinction as to any Subordinate Obligation over any other Subordinate Obligation or Subordinate Obligations, except as to the timing of payment of the Subordinate Obligations. Any Subordinate Debt Service Reserve Fund and any Subordinate Debt Service Reserve Fund Surety Policy provided at any time in satisfaction of all or a portion of the Reserve Requirement and any other security, Liquidity Facility or Credit Facility provided for specific Subordinate Obligations, a specific Series of Subordinate Obligations or one or more Series of Subordinate Obligations may, as provided by a Supplemental Subordinate Indenture, secure only such specific Subordinate Obligations, Series of Subordinate Obligations or one or more Series of Subordinate Obligations and, therefore, will not be included as security for all Subordinate Obligations under the Master Subordinate Indenture unless otherwise provided by a Supplemental Subordinate Indenture and moneys and securities held in trust as provided in the Master Subordinate Indenture exclusively for Subordinate Obligations which have become due and payable and moneys and securities which are held exclusively to pay Subordinate Obligations which are deemed to have been paid under the Master Subordinate Indenture will be held solely for the payment of such specific Subordinate Obligations.

Subordinate Repayment Obligations Afforded Status of Subordinate Obligations

If a Credit Provider or Liquidity Provider makes payment of principal of and interest on a Subordinate Obligation or advances funds to purchase or provide for the purchase of Subordinate Obligations and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Airport Authority, but is not reimbursed, the Airport Authority's Subordinate Repayment Obligation under such written agreement may, if and to the extent so provided in the written agreement, be afforded the status of a Subordinate Obligation issued under the Master Subordinate Indenture, and, if afforded such status, the Credit Provider or Liquidity Provider will be the Holder and such Subordinate Obligation will be deemed to have been issued at the time of the original Subordinate Obligation for which the Credit Facility or Liquidity Facility was provided and will not be subject to the provisions of the Master Subordinate Indenture; provided, however, notwithstanding the stated terms of the Subordinate Repayment Obligation, the payment terms of the Subordinate Obligation held by the Credit Provider or Liquidity Provider under the Master Subordinate Indenture will be as follows (unless otherwise provided in the written agreement with the Airport Authority or a Supplemental Subordinate Indenture pursuant to which the Subordinate Obligations are issued): (a) interest will be due and payable semiannually and (b) principal will be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, if shorter, (ii)(A) a term extending to the maturity date of the enhanced Subordinate Obligations or (B) if longer, the final maturity of the Subordinate Repayment Obligation under the written agreement, and providing substantially level Subordinate Annual Debt Service payments, using the rate of interest set forth in the written repayment agreement which would apply to the Subordinate Repayment Obligation as of the date such amortization schedule is fixed. The principal amortized as described in the prior sentence will bear interest in accordance with the terms of the Subordinate Repayment Obligation. Except as otherwise provided in a Supplemental Subordinate Indenture, any amount which comes due on the Subordinate Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Subordinate Obligation will be a subordinate obligation payable after its obligations to fund the Senior Bonds and the Subordinate Obligations of the Airport Authority. This provision will not defeat or alter the rights of subrogation which any Credit Provider may have under law or under the terms of any Supplemental Subordinate Indenture. The Subordinate Trustee may conclusively rely on a written certification by the Credit Provider or Liquidity Provider of the amount of such non-reimbursement and that such Subordinate Repayment Obligation is to be afforded the status of a Subordinate Obligation under the Master Subordinate Indenture.

Funds and Accounts

Funding of Subordinate Debt Service Funds. So long as any of the Subordinate Obligations are Outstanding, not later than the 20th day of each calendar month, the Airport Authority will withdraw from the Revenue Account and pay to the Subordinate Trustee for deposit in the Subordinate Debt Service Funds established with respect to each Series of Subordinate Obligations: (a) sums in equal fractional parts for each one-half year so that at least the full amount required to pay the interest on Subordinate Obligations of that Series, as it becomes due, will be set aside in that Subordinate Debt Service Fund by not later than the 20th day of the month prior to the date each installment of interest becomes due; (b) sums in equal fractional parts for each year so that at least the full amount required to pay, as it becomes due at maturity, the Principal Amount of Subordinate Obligations of that Series, will be set aside in that Subordinate Debt Service Fund by not later than the 20th day of the month prior to the date such principal amount becomes due; and (c) sums in equal fractional parts for each year so that at least the full amount required to pay, as it becomes due, the sinking installment payment, if any, due with respect to Term Subordinate Obligations of such Series will be set aside in that Subordinate Debt Service Fund by not later than the 20th day of the month prior to the date such sinking installment payment becomes due. No such transfer need be made in respect of any Series of Subordinate Obligations prior to the actual delivery of that Series of Subordinate Obligations to the purchasers thereof; provided, however, that subsequent to the issuance of such Series of

Subordinate Obligations, there will be transferred and paid from the Revenue Account to the Subordinate Debt Service Fund established for that Series of Subordinate Obligations, equal monthly sums at least sufficient together with other transfers required to be made, commencing not later than the 20th day of the calendar month immediately succeeding the issuance of such Series of Subordinate Obligations, so that interest due on such Series of Subordinate Obligations on the first interest payment date to occur after the issuance of such Series of Subordinate Obligations will be fully funded at least one Business Day prior to the date the first installment of interest is due on such Series Subordinate Obligations, and, if the first principal payment or sinking fund installment of such Series of Subordinate Obligations is due less than twelve months after the issuance of such Series of Subordinate Obligations, there will be transferred and paid from the Revenue Account to the Subordinate Debt Service Fund established for that Series of Subordinate Obligations, equal monthly sums at least sufficient together with other transfers required to be made, commencing not later than the 20th day of the calendar month immediately succeeding the issuance of such Series of Subordinate Obligations, so that principal or sinking fund installments of such Series of Subordinate Obligations due on the first principal payment date to occur after the issuance of such Series of Subordinate Obligations will be fully funded at least one Business Day prior to the date the first principal payment or sinking fund installment is due on such Series of Subordinate Obligations. On any day on which the Subordinate Trustee receives funds from the Airport Authority to be used to pay principal or sinking fund installments of or interest on Subordinate Obligations, the Subordinate Trustee will, if the amount received is fully sufficient to pay all amounts of principal or sinking fund installments and interest then due or becoming due on the next Payment Date, deposit such amounts into the respective Subordinate Debt Service Funds for the Series of Subordinate Obligations for which such payments were made. Notwithstanding any of the foregoing provisions of this paragraph, no amount need be transferred from the Revenue Account or otherwise deposited into any Subordinate Debt Service Fund for any Series of Subordinate Obligations for the payment of principal or sinking fund installments or interest, respectively, if the amount already on deposit therein and available for such purpose is sufficient to pay in full the amount of principal or sinking fund installment and/or interest, respectively, coming due on such Subordinate Obligations on the next succeeding Payment Date.

The Airport Authority may provide in any Supplemental Subordinate Indenture that, as to any Series of Subordinate Obligations Outstanding, any amounts required to be transferred to and paid into a Subordinate Debt Service Fund may be prepaid, in whole or in part, by being earlier transferred to and paid into that Subordinate Debt Service Fund, and in that event any subsequently scheduled monthly transfer, or any part thereof, which has been so prepaid need not be made at the time appointed therefor. In any Supplemental Subordinate Indenture, the Airport Authority may provide that moneys in the Redemption Account allocable to sinking fund installment payments of a Series may, at the discretion of the Airport Authority, be applied to the purchase and cancellation of such Series (at a price not greater than par) prior to notice of redemption of such Series. Such Subordinate Obligations so delivered or previously redeemed or purchased at the direction of the Airport Authority will be credited by the Subordinate Trustee at the principal amount thereof to the next scheduled sinking installment payments on Subordinate Obligations of such Series and any excess over the sinking installment payment deposit required on that date will be credited against future sinking installment deposits in such manner and order as the Airport Authority may determine in its discretion, and the scheduled principal amount of the Subordinate Obligations to be redeemed by operation of such sinking installment payments will be accordingly modified in such manner as the Airport Authority may determine and as specified to the Subordinate Trustee in writing.

Money set aside and placed in a Subordinate Debt Service Fund for any Series of Subordinate Obligations will remain therein until from time to time expended for the aforesaid purposes thereof and will not be used for any other purpose whatsoever, except that any such money so set aside and placed in a Subordinate Debt Service Fund may be temporarily invested as provided in the Master Subordinate Indenture, but such investment will not affect the obligation of the Airport Authority to cause the full amount required by the terms of this Section to be available in a Subordinate Debt Service Fund at the time

required to meet payments of principal of and interest on Subordinate Obligations of the Series for which it is accumulated. Earnings on such investments upon written request of the Airport Authority may be transferred into the Revenue Account, except that during the continuation of a Subordinate Event of Default, such earnings will remain in the Subordinate Debt Service Funds created under the respective Supplemental Subordinate Indentures.

Each Subordinate Debt Service Fund established to pay principal of and interest on any Series of Subordinate Obligations will be held by the Subordinate Trustee or any agent of the Subordinate Trustee, and amounts to be used to pay principal of and interest on such Series, as received by the Subordinate Trustee or its agent, will be deposited therein and used for such purpose. Accounts and Subaccounts will be created by the Subordinate Trustee or any agent of the Subordinate Trustee in the various Subordinate Debt Service Funds as requested in writing by the Authorized Authority Representative and will be held by the Subordinate Trustee or such agents as will be provided by the Supplemental Subordinate Indenture.

The moneys in each Subordinate Debt Service Fund established for any Series of Subordinate Obligations will be held in trust and applied as provided herein and in the Supplemental Subordinate Indenture, and pending the application of such amounts in accordance herewith and with the provisions of such Supplemental Subordinate Indenture will be subject to a lien on and security interest in favor of the holders of the Outstanding Subordinate Obligations of such Series.

On each Payment Date for any Outstanding Subordinate Obligations, the Subordinate Trustee will pay to the Owners of the Subordinate Obligations of a given Series from the appropriate Subordinate Debt Service Fund or Subordinate Debt Service Funds, an amount equal to the principal and interest becoming due on such Series of Subordinate Obligations.

The payments made by the Subordinate Trustee will be made solely to the extent that moneys are on deposit in the appropriate Subordinate Debt Service Fund.

All money remaining in a Subordinate Debt Service Fund on the final Payment Date, in excess of the amount required to make provisions for the payment in full of the interest and/or the principal of the Subordinate Obligations of the Series for which that Subordinate Debt Service Fund was established or the payment of amounts required to be rebated, pursuant to the Code, to the United States of America with respect to Subordinate Obligations of that Series, will be returned to the Airport Authority and deposited by the Airport Authority in the Revenue Account.

The Subordinate Trustee will, at least seven days prior to each Payment Date on any Subordinate Obligation, or as otherwise directed in any Supplemental Subordinate Indenture, give the Airport Authority prompt notice of any additional amount required to be deposited with the Subordinate Trustee to pay the amount required to be paid on such Payment Date in respect of such Subordinate Obligation, in the event the amount then on deposit in any Subordinate Debt Service Fund is insufficient to pay the amounts due on any Series of Subordinate Obligations on such Payment Date. With respect to any Series of Subordinate Obligations, the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued may provide for different times and methods of notifying the Airport Authority of payment dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Subordinate Indenture will control.

Notwithstanding anything therein to the contrary, including the provisions of the ninth paragraph of this Section, if, on any Payment Date, the Subordinate Trustee does not have sufficient amounts in the Subordinate Debt Service Funds (without regard to any amounts which may be available in a Subordinate Debt Service Reserve Fund) to pay in full with respect to Subordinate Obligations of all Series all amounts of principal and/or interest due on such date, the Subordinate Trustee will allocate the total amount which

is available to make payment on such day (without regard to any amounts in a Subordinate Debt Service Reserve Fund) as follows: first, to the payment of past due interest on Subordinate Obligations of any Series, in the order in which such interest came due, second, to the payment of past due principal on Subordinate Obligations of any Series, in the order in which such principal came due, third, to the payment of interest then due and payable on the Subordinate Obligations of each Series due on such Payment Date and, if the amount available will not be sufficient to pay in full all interest on the Subordinate Obligations then due, then pro rata among the Series according to the amount of interest then due, and fourth, to the payment of principal then due on the Subordinate Obligations and, if the amount available will not be sufficient to pay in full all principal on the Subordinate Obligations then due, then pro rata among the Series according to the Principal Amount then due on the Subordinate Obligations.

If a Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds (or a Credit Facility provided in lieu thereof) have been used to make payments on Subordinate Obligations secured thereby, then the Airport Authority may be required by a Supplemental Subordinate Indenture to replenish such Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds or reimburse the Credit Provider from Subordinate Net Revenues provided that (a) no amount from Subordinate Net Revenues may be used for such purpose until all payments of principal of and interest on all Subordinate Obligations which have become due and payable will have been paid in full, (b) the required payments to replenish any such Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds or reimburse the Credit Provider will be due in no more than twelve substantially equal monthly installments commencing in the month following any such withdrawal and (c) if the aggregate amount of payments due on any date to replenish the Subordinate Debt Service Reserve Fund or Subordinate Debt Service Reserve Funds exceeds the amount available for such purpose, the payments made to the Subordinate Trustee for such purpose will be allocated among the various Subordinate Debt Service Reserve Funds pro rata on the basis of the Outstanding Principal Amount of Subordinate Obligations secured thereby.

Notwithstanding the foregoing, the Airport Authority may, in the Supplemental Subordinate Indenture authorizing such Series of Subordinate Obligations, provide for different provisions and timing of deposits with the Subordinate Trustee and different methods of paying principal of or interest on such Subordinate Obligations depending upon the terms of such Subordinate Obligations and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Subordinate Debt Service Fund created for the Series of Subordinate Obligations for which such Credit Facility is provided.

If the Subordinate Net Revenues are at any time insufficient to make the deposits required to make payments on the Subordinate Obligations, the Airport Authority may, at its election, pay to the Subordinate Trustee funds from any available sources with the direction that such funds be deposited into the Subordinate Debt Service Funds or into a specified account or accounts or subaccount or subaccounts therein.

Additional Security. The pledge of Subordinate Net Revenues and the other security provided in the Master Subordinate Indenture, secure all Subordinate Obligations issued under the terms of the Master Subordinate Indenture on an equal and ratable basis, except as to the timing of such payments. The Airport Authority may, however, in its discretion, provide additional security or credit enhancement for specified Subordinate Obligations or a Series of Subordinate Obligations with no obligation to provide such additional security or credit enhancement to other Subordinate Obligations.

Payment of Principal and Interest

The Airport Authority covenants and agrees that it will duly and punctually pay or cause to be paid from the Subordinate Net Revenues and to the extent thereof the principal of, premium, if any, and interest on every Subordinate Obligation at the place and on the dates and in the manner provided in the Master Subordinate Indenture, in the Supplemental Subordinate Indentures and in the Subordinate Obligations specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements the Master Subordinate Indenture and in the Subordinate Obligations contained, provided that the Airport Authority's obligation to make payment of the principal of, premium, if any, and interest on the Subordinate Obligations will be limited to payment from the Subordinate Net Revenues, the funds and accounts pledged therefore in the Granting Clauses of the Master Subordinate Indenture and any other source which the Airport Authority may specifically provide for such purpose and no Holder will have any right to enforce payment from any other funds of the Airport Authority.

Junior and Subordinated Obligations

The Airport Authority may, from time to time, incur indebtedness with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations. Such indebtedness will be incurred at such times and upon such terms as the Airport Authority will determine, provided that:

- (a) any resolution or indenture or other instrument of the Airport Authority authorizing the issuance of any subordinate obligations will specifically state that such lien on or security interest granted in the Subordinate Net Revenues is junior and subordinate to the lien on and security interest in such Subordinate Net Revenues and other assets granted to secure the Subordinate Obligations; and
- (b) payment of principal of and interest on such subordinated obligations will be permitted, provided that all deposits required to be made to the Subordinate Trustee to be used to pay debt service on the Subordinate Obligations or to replenish the Subordinate Debt Service Reserve Fund, if any, are then current in accordance with the Master Subordinate Indenture.

Operation and Maintenance of Airport System

The Airport Authority covenants that the Airport System will at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises will be complied with (provided the Airport Authority will not be required to comply with any such orders so long as the validity or application thereof will be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the Airport System will be obtained and maintained and that all necessary repairs, improvements and replacements of the Airport System will be made, subject to sound business judgment. The Airport Authority will, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Airport Authority, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Airport System or upon any part thereof, or upon the Revenues, Subordinate Net Revenues, when the same will become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Revenues, Subordinate Net Revenues or the Airport System or any part thereof constituting part of the Airport System.

Insurance; Application of Insurance Proceeds

Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions: (a) the Airport Authority will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self-Insurance (as defined below) with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance or Qualified Self-Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Airport Authority, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports; and (b) the Airport Authority will place on file with the Subordinate Trustee, annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Authority Representative containing a summary of all insurance policies and self-insured programs then in effect with respect to the Airport System and the operations of the Airport Authority. The Subordinate Trustee may conclusively rely upon such certificate and will not be responsible for the sufficiency or adequacy of any insurance required in the Master Subordinate Indenture or obtained by the Airport Authority.

“*Qualified Self-Insurance*” means insurance maintained through a program of self-insurance or insurance maintained with a fund, company or association in which the Airport Authority may have a material interest and of which the Airport Authority may have control, either singly or with others. Each plan of Qualified Self-Insurance will be established in accordance with law, will provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Airport Authority determines to be reasonable to protect against risks assumed under the Qualified Self-Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self-Insurance, and such self-insurance program will be reviewed at least once every 12 months by a Consultant who will deliver to the Airport Authority a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, they will make a recommendation as to the amount of reserves that should be established and maintained, and the Airport Authority will comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Airport Authority.

If, as a result of any event, any part of the Airport System is destroyed or severely damaged, the Airport Authority will create within the Revenue Account a special account and will credit the Net Proceeds received as a result of such event of damage or destruction to such account and such Net Proceeds will, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (i) repair or replace the Airport System, or portion thereof, which were damaged or destroyed, (ii) provide additional revenue-producing Airport Facilities, (iii) redeem Subordinate Obligations, or (iv) create an escrow fund pledged to pay specified Subordinate Obligations and thereby cause such Subordinate Obligations to be deemed to be paid as provided in the Master Subordinate Indenture; provided, however, that the Airport Authority will first deliver to the Subordinate Trustee a certificate of a Consultant showing that, after taking into account the use of the Net Proceeds for the redemption of such specified Subordinate Obligations, the rate covenant as set forth in the Master Subordinate Indenture would, nevertheless, be met.

Transfer of Airport Facility or Airport Facilities

The Airport Authority will not, except as provided in Section 170060 of the Act and except as permitted below, transfer, sell or otherwise dispose of an Airport Facility or Airport Facilities. Any transfer of an asset over which the Airport Authority retains substantial control in accordance with the terms of such transfer, will not, for so long as the Airport Authority has such control, be deemed a disposition of an Airport Facility or Airport Facilities.

Except as otherwise provided in Section 170060 of the Act, the Airport Authority may transfer, sell or otherwise dispose of Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions: (a) the property being disposed of is inadequate, obsolete or worn out; or (b) the property proposed to be disposed of and all other Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under the preceding paragraph), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the Revenue Account to be used as described below and the Airport Authority believes that such disposal will not prevent it from fulfilling its obligations under the Master Senior Indenture or Master Subordinate Indenture; or (c) the Airport Authority receives fair market value for the property, the proceeds are deposited in the Revenue Account to be used as described below, and prior to the disposition of such property, there is delivered to the Senior Trustee and the Subordinate Trustee a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Airport Authority as evidenced by a certificate of an Authorized Authority Representative, the Consultant estimates that the Airport Authority will be in compliance with the rate covenant of the Master Senior Indenture and the rate covenant of the Master Subordinate Indenture during each of the first five Fiscal Years immediately following such disposition.

Proceeds of the disposition of assets under the preceding two paragraphs above will be deposited into the Revenue Account and used, within a reasonable period of time, not to exceed three years, to (i) provide additional revenue-producing Airport Facilities, (ii) redeem Senior Bonds and/or Subordinate Obligations or (iii) create an escrow fund pledged to pay specified Senior Bonds and/or Subordinate Obligations and thereby cause such Senior Bonds and/or Subordinate Obligations to be deemed to be paid as provided in the Master Senior Indenture or the Master Subordinate Indenture, as the case may be.

Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes will not be disposed of, except under the terms of the first paragraph of this Section, unless the Airport Authority has first received a written opinion of Bond Counsel to the effect that such disposition will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

Eminent Domain

If a Significant Portion of any Airport Facility or Airport Facilities are taken by eminent domain proceedings or conveyance in lieu thereof, the Airport Authority will create within the Revenue Account a special account and credit the Net Proceeds received as a result of such taking or conveyance to such account and will within a reasonable period of time, after the receipt of such amounts, use such proceeds to (a) replace the Airport Facility or Airport Facilities which were taken or conveyed, (b) provide an additional revenue producing Airport Facility or Airport Facilities, (c) redeem Senior Bonds and/or Subordinate Obligations, or (d) create an escrow fund pledged to pay specified Senior Bonds and/or Subordinate Obligations and thereby cause such Senior Bonds and/or Subordinate Obligations to be deemed to be paid as provided in the Master Senior Indenture or the Master Subordinate Indenture, as the case may be.

Investments

Moneys held by the Airport Authority and/or the Subordinate Trustee in the funds and accounts created in the Master Subordinate Indenture and under any Supplemental Subordinate Indenture will be invested and reinvested as directed by the Airport Authority, in Subordinate Permitted Investments subject to the restrictions set forth in the Master Subordinate Indenture and such Supplemental Subordinate Indenture and subject to the investment restrictions imposed upon the Airport Authority by the laws of the State and the Airport Authority's investment policy. The Airport Authority will direct such investments by written certificate (which certificate will include a certification that such directions comply with the Airport

Authority's investment policy and upon which the Subordinate Trustee may conclusively rely) of an Authorized Authority Representative or by telephone instruction followed by prompt written confirmation by an Authorized Authority Representative; in the absence of any such instructions, the Subordinate Trustee will, to the extent practicable, invest in Subordinate Permitted Investments specified in paragraph (i) of the definition thereof, which includes a money market fund comprised of United States Obligations, or in a money market fund or account of the Subordinate Trustee, provided it meets the requirements specified in paragraph (i) of the definition of Subordinate Permitted Investments, which are Subordinate Permitted Investments under State law.

Defeasance

Subordinate Obligations or portions thereof (such portions to be in integral multiples of the authorized denomination) which have been paid in full or which are deemed to have been paid in full will no longer be secured by or entitled to the benefits of the Master Subordinate Indenture except for the purposes of payment from moneys, Government Obligations or obligations described in paragraph (b) of the definition of Subordinate Permitted Investments held by the Subordinate Trustee or a Subordinate Paying Agent for such purpose. When all Subordinate Obligations which have been issued under the Master Subordinate Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable under the Master Subordinate Indenture by the Airport Authority, including all necessary and proper fees, compensation and expenses of the Subordinate Trustee, the Subordinate Registrar and the Subordinate Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Subordinate Trustee in and to the pledge of Subordinate Net Revenues and the other assets pledged to secure the Subordinate Obligations under the Master Subordinate Indenture will thereupon cease, terminate and become void, and thereupon the Subordinate Trustee will cancel, discharge and release the Master Subordinate Indenture, will execute, acknowledge and deliver to the Airport Authority such instruments as will be requisite to evidence such cancellation, discharge and release and will assign and deliver to the Airport Authority any property and revenues at the time subject to the Master Subordinate Indenture which may then be in the Subordinate Trustee's possession, except funds or securities in which such funds are invested and are held by the Subordinate Trustee or the Subordinate Paying Agent for the payment of the principal of, premium, if any, and interest on the Subordinate Obligations.

A Subordinate Obligation will be deemed to be paid within the meaning of the Master Subordinate Indenture and for all purposes thereof when payment of the principal, interest and premium, if any, either (a) will have been made or caused to be made in accordance with the terms of the Subordinate Obligations and the Master Subordinate Indenture or (b) will have been provided for, as certified to the Subordinate Trustee by a nationally recognized accounting firm, by irrevocably depositing with the Subordinate Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government Obligations or obligations described in paragraph (b) of the definition of Subordinate Permitted Investments, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment. At such times as Subordinate Obligations will be deemed to be paid under the Master Subordinate Indenture, such Subordinate Obligations will no longer be secured by or entitled to the benefits of the Master Subordinate Indenture, except for the purposes of payment from such moneys, Government Obligations or obligations described in paragraph (b) of the definition of Subordinate Permitted Investments.

Any deposit under clause (b) of the foregoing paragraph will be deemed a payment of such Subordinate Obligations. Once such deposit will have been made, the Subordinate Trustee will notify all holders of the affected Subordinate Obligations that the deposit required by (b) above has been made with the Subordinate Trustee and that such Subordinate Obligations are deemed to have been paid in accordance with the Master Subordinate Indenture. Notice of redemption will be required at the time of such defeasance or prior to such date as may be required by the Supplemental Subordinate Indenture under which such

Subordinate Obligations were issued. The Airport Authority may at any time, prior to issuing such notice of redemption as may be required by the Supplemental Subordinate Indenture under which such Subordinate Obligations were issued, modify or otherwise change the scheduled date for the redemption or payment of any Subordinate Obligation deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Subordinate Obligations or the Master Subordinate Indenture subject to (A) receipt of an approving opinion of nationally recognized Bond Counsel that such action will not adversely affect the tax-exemption of any Subordinate Obligation or Subordinate Obligations then Outstanding and (B) receipt of an approving opinion of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations and/or obligations described in item (b) of the definition of Subordinate Permitted Investments to provide for the payment of such Subordinate Obligations. Notwithstanding anything in the Master Subordinate Indenture to the contrary, monies from the trust or escrow established for the defeasance of Subordinate Obligations may be withdrawn and delivered to the Airport Authority so long as the requirements of subparagraphs (A) and (B) above are met prior to or concurrently with any such withdrawal.

Subordinate Defaults and Remedies

Subordinate Events of Default. Each of the following events will constitute and is referred to in the Master Subordinate Indenture as a “Subordinate Event of Default”:

- (a) a failure to pay the principal of or premium, if any, on any of the Subordinate Obligations when the same will become due and payable at maturity or upon redemption;
- (b) a failure to pay any installment of interest on any of the Subordinate Obligations when such interest will become due and payable;
- (c) a failure to pay the purchase price of any Subordinate Obligation when such purchase price will be due and payable upon an optional or mandatory tender date as provided in a Supplemental Subordinate Indenture;
- (d) a failure by the Airport Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) above) that are to be observed or performed by the Airport Authority and which are contained in the Master Subordinate Indenture or a Supplemental Subordinate Indenture, which failure, except for a violation under the Master Subordinate Indenture which will be controlled by the provisions set forth therein, will continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Airport Authority by the Subordinate Trustee, which notice may be given at the discretion of the Subordinate Trustee and will be given at the written request of holders of 25% or more of the Principal Amount of the Subordinate Obligations then Outstanding, unless the Subordinate Trustee, or the Subordinate Trustee and the holders of Subordinate Obligations in a Principal Amount not less than the Principal Amount of Subordinate Obligations the holders of which requested such notice, will agree in writing to an extension of such period prior to its expiration; provided, however, that the Subordinate Trustee or the Subordinate Trustee and the holders of such principal amount of Subordinate Obligations will be deemed to have agreed to an extension of such period if corrective action is initiated by the Airport Authority within such period and is being diligently pursued until such failure is corrected;
- (e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code, or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Airport Authority and, if instituted against the Airport

Authority, said proceedings are consented to or are not dismissed within 60 days after such institution;

(f) the occurrence of any other Subordinate Event of Default as is provided in a Supplemental Subordinate Indenture; or

(g) a default in the payment of principal of or interest on any Senior Bonds.

If, on any date on which payment of principal of or interest on the Subordinate Obligations is due and sufficient moneys are not on deposit with the Subordinate Trustee or Subordinate Paying Agent to make such payment, the Subordinate Trustee will give telephone notice, followed by written confirmation, of such insufficiency to the Airport Authority.

Remedies.

(h) Upon the occurrence and continuance of any Subordinate Event of Default, the Subordinate Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the Principal Amount of the Subordinate Obligations then Outstanding and receipt of indemnity to its satisfaction, will, in its own name and as the Subordinate Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders, and require the Airport Authority to carry out any agreements with or for the benefit of the Holders and to perform its or their duties under the Act or any other law to which it is subject and the Master Subordinate Indenture;

(ii) bring suit upon the Subordinate Obligations;

(iii) commence an action or suit in equity to require the Airport Authority to account as if it were the trustee of an express trust for the Holders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders.

(i) The Subordinate Trustee will be under no obligation to take any action with respect to any Subordinate Event of Default unless the Subordinate Trustee has actual knowledge of the occurrence of such Subordinate Event of Default.

(j) Except as otherwise provided in the Master Subordinate Indenture or in a Supplemental Subordinate Indenture, a Credit Facility or a Liquidity Facility, in no event, upon the occurrence and continuation of a Subordinate Event of Default described in the Master Subordinate Indenture, will the Subordinate Trustee, the Holders, a Credit Provider, a Liquidity Provider or any other party have the right to accelerate the payment of principal of and interest on the Subordinate Obligations Outstanding.

Holders' Right To Direct Proceedings. Anything in the Master Subordinate Indenture to the contrary notwithstanding, holders of a majority in Principal Amount of the Subordinate Obligations then Outstanding will have the right, at any time, by an instrument in writing executed and delivered to the Subordinate Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Subordinate Trustee under the Master Subordinate Indenture to be taken in connection with the enforcement of the terms of the Master Subordinate Indenture or exercising any trust or power conferred

on the Subordinate Trustee by the Master Subordinate Indenture; provided that such direction will not be otherwise than in accordance with the provisions of the law and the Master Subordinate Indenture and that there will have been provided to the Subordinate Trustee security and indemnity satisfactory to the Subordinate Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Subordinate Trustee.

Limitation on Right To Institute Proceedings. No Holder will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Master Subordinate Indenture, or any other remedy under the Master Subordinate Indenture or on such Subordinate Obligations, unless such Holder or Holders previously will have given to the Subordinate Trustee written notice of a Subordinate Event of Default as hereinabove provided and unless also holders of 25% or more of the Principal Amount of the Subordinate Obligations then Outstanding will have made written request of the Subordinate Trustee to do so, after the right to institute such suit, action or proceeding the Master Subordinate Indenture will have accrued, and will have afforded the Subordinate Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also will have been offered to the Subordinate Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Subordinate Trustee will not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Subordinate Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Holders will have any right in any manner whatever by their action to affect, disturb or prejudice the security of the Master Subordinate Indenture, or to enforce any right under the Master Subordinate Indenture or under the Subordinate Obligations, except in the manner provided in the Master Subordinate Indenture, and that all suits, actions and proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Master Subordinate Indenture and for the equal benefit of all Holders.

Application of Moneys. If a Subordinate Event of Default will occur and be continuing, all amounts then held or any moneys received by the Subordinate Trustee, by any receiver or by any Holder pursuant to any right given or action taken under the provisions of the Master Subordinate Indenture (which will not include moneys provided through a Credit Facility, which moneys will be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys by the Subordinate Trustee or by any receiver and of the expenses, liabilities and advances incurred or made by the Subordinate Trustee in connection with its performance of its powers and duties under the Master Subordinate Indenture and any Supplemental Subordinate Indenture (including attorneys' fees and disbursements), will be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Obligations, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Subordinate Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available will not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Subordinate Obligations which will have become due with interest on such Subordinate Obligations at such rate as provided in a Supplemental Subordinate Indenture from the respective dates upon which they became due and, if the amount available will not be sufficient to pay in full Subordinate Obligations on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys will be applied at such times, and from time to time, as the Subordinate Trustee will determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming

available for such application in the future. Whenever the Subordinate Trustee will apply such funds, it will fix the date (which will be an interest Payment Date unless it will deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date will cease to accrue. The Subordinate Trustee will give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Holders and will not be required to make payment to any Holder until such Subordinate Obligations will be presented to the Subordinate Trustee for appropriate endorsement or for cancellation if fully paid.

The Subordinate Trustee

Standard of Care. If a Subordinate Event of Default has occurred and is continuing, the Subordinate Trustee will exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Subordinate Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (i) the Subordinate Trustee will not be liable for any error of judgment made in good faith by a Subordinate Responsible Officer unless the Subordinate Trustee was negligent in ascertaining the pertinent facts; and (ii) the Subordinate Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Holders or the Airport Authority in the manner provided in the Master Subordinate Indenture.

Individual Rights of Subordinate Trustee. The Subordinate Trustee in its individual or any other capacity may become the owner or pledgee of Subordinate Obligations and may in such role otherwise deal with the Airport Authority with the same rights it would have if it were not Subordinate Trustee. Any Subordinate Paying Agent or other agent may do the same with like rights.

Notice of Defaults. If (a) a Subordinate Event of Default has occurred or (b) an event has occurred which with the giving of notice and/or the lapse of time would be a Subordinate Event of Default and, with respect to such events for which notice to the Airport Authority is required before such events will become Events of Default, such notice has been given, then the Subordinate Trustee will promptly, after obtaining actual notice of such Subordinate Event of Default or event described in (b), give notice thereof to each Holder. Except in the case of a default in payment or purchase on any Subordinate Obligations, the Subordinate Trustee may withhold the notice if and so long as a committee of its Subordinate Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

Eligibility of Subordinate Trustee. The Master Subordinate Indenture will always have a Subordinate Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition.

Replacement of Subordinate Trustee. The Subordinate Trustee may resign by notifying the Airport Authority in writing prior to the proposed effective date of the resignation. The holders of a majority in Principal Amount of the Subordinate Obligations may remove the Subordinate Trustee by notifying the removed Subordinate Trustee in writing and may appoint a successor Subordinate Trustee with the Airport Authority's consent. The Airport Authority may remove the Subordinate Trustee, by notice in writing delivered to the Subordinate Trustee at least 60 days prior to the proposed removal date; provided,

however, that the Airport Authority will have no right to remove the Subordinate Trustee during any time when a Subordinate Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be a Subordinate Event of Default.

No resignation or removal of the Subordinate Trustee under this Section will be effective until a new Subordinate Trustee has taken office and delivered a written acceptance of its appointment to the retiring Subordinate Trustee and to the Airport Authority. Immediately thereafter, the retiring Subordinate Trustee will transfer all property held by it as Subordinate Trustee to the successor Subordinate Trustee, the resignation or removal of the retiring Subordinate Trustee will then (but only then) become effective and the successor Subordinate Trustee will have all the rights, powers and duties of the Subordinate Trustee under the Master Subordinate Indenture.

If the Subordinate Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Master Subordinate Indenture, the Airport Authority will promptly appoint a successor Subordinate Trustee.

If a Subordinate Trustee is not performing its duties under the Master Subordinate and a successor Subordinate Trustee does not take office within 60 days after the retiring Subordinate Trustee delivers notice of resignation or the Airport Authority delivers notice of removal, the retiring Subordinate Trustee, the Airport Authority or the holders of a majority in Principal Amount of the Subordinate Obligations may petition any court of competent jurisdiction for the appointment of a successor Subordinate Trustee.

Successor Subordinate Trustee or Agent by Merger. If the Subordinate Trustee, any Subordinate Paying Agent or Subordinate Registrar consolidates with, merges or converts into, or sells to or transfers all or substantially all its assets (or, in the case of a bank, national banking association or trust company, its corporate trust assets) to, another corporation and meets the qualifications set forth in the Master Subordinate Indenture, the resulting, surviving or transferee corporation without any further act will be the successor Subordinate Trustee, Subordinate Paying Agent or Subordinate Registrar.

Amendments

Amendments Not Requiring Consent of Bondholders. The Airport Authority may, from time to time and at any time, without the consent of or notice to the Holders, execute and deliver Supplemental Subordinate Indentures supplementing and/or amending the Master Subordinate Indenture or any Supplemental Subordinate Indenture as follows:

- (a) to provide for the issuance of a Series or multiple Series of Subordinate Obligations under the provisions of the Master Subordinate Indenture and to set forth the terms of such Subordinate Obligations and the special provisions which will apply to such Subordinate Obligations;
- (b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Master Subordinate Indenture or any Supplemental Subordinate Indenture, provided such supplement or amendment is not materially adverse to the Holders;
- (c) to add to the covenants and agreements of the Airport Authority in the Master Subordinate Indenture or any Supplemental Subordinate Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Airport Authority, provided such supplement or amendment will not adversely affect the interests of the Holders;

(d) to confirm, as further assurance, any interest of the Subordinate Trustee in and to the pledge of Subordinate Net Revenues or in and to the funds and accounts held by the Subordinate Trustee or in and to any other moneys, securities or funds of the Airport Authority provided pursuant to the Master Subordinate Indenture or to otherwise add additional security for the Holders;

(e) to evidence any change made in the terms of any Series of Subordinate Obligations if such changes are authorized by the Supplemental Subordinate Indenture at the time the Series of Subordinate Obligations is issued and such change is made in accordance with the terms of such Supplemental Subordinate Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time;

(g) to modify, alter, amend or supplement the Master Subordinate Indenture or any Supplemental Subordinate Indenture in any other respect which is not materially adverse to the Holders;

(h) to provide for uncertificated Subordinate Obligations or for the issuance of coupons and bearer Subordinate Obligations or Subordinate Obligations registered only as to principal;

(i) to qualify the Subordinate Obligations or a Series of Subordinate Obligations for a rating or ratings from a Rating Agency;

(j) to accommodate the technical, operational and structural features of Subordinate Obligations which are issued or are proposed to be issued or of a Subordinate Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, swaps, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the Airport Authority from time to time deems appropriate to incur;

(k) to accommodate the use of a Credit Facility or Liquidity Facility for specific Subordinate Obligations or a specific Series of Subordinate Obligations; and

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Subordinate Obligations, including, without limitation, the segregation of Revenues, Net Revenues and Subordinate Net Revenues into different funds.

Before the Airport Authority will, pursuant to this Section, execute any Supplemental Subordinate Indenture, there will have been delivered to the Airport Authority and Subordinate Trustee an opinion of Bond Counsel to the effect that such Supplemental Subordinate Indenture: (x) is authorized or permitted by the Master Subordinate Indenture, the Act and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Airport Authority in accordance with its terms and (y) will not cause interest on any of the Subordinate Obligations which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes. The opinion of Bond Counsel required pursuant to clause (z) in the preceding sentence will not be required for a Supplemental Subordinate Indenture executed and delivered in accordance with paragraph (a) above.

Amendments Requiring Consent of Bondholders. Except for any Supplemental Subordinate Indenture entered into pursuant to the Master Subordinate Indenture, subject to the terms and provisions contained in this Section and elsewhere in the Master Subordinate Indenture and not otherwise, the holders of not less than a majority in aggregate Principal Amount of the Subordinate Obligations then Outstanding will have the right from time to time to consent to and approve the execution by the Airport Authority of any Supplemental Subordinate Indenture deemed necessary or desirable by the Airport Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Master Subordinate Indenture or in a Supplemental Subordinate Indenture; provided, however, that, unless approved in writing by the holders of all the Subordinate Obligations then Outstanding or unless such change affects less than all Series of Subordinate Obligations and the following paragraph is applicable, nothing contained in the Master Subordinate Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Subordinate Obligations or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Obligations or the rate of interest thereon; and provided that nothing contained in the Master Subordinate Indenture, including the provisions of the following paragraph, will, unless approved in writing by the holders of all the Subordinate Obligations then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Subordinate Indenture) upon or pledge of the Subordinate Net Revenues created by the Master Subordinate Indenture, ranking prior to or on a parity with the claim created by the Master Subordinate Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Subordinate Obligations, a preference or priority of any Subordinate Obligation or Subordinate Obligations over any other Subordinate Obligation or Subordinate Obligations with respect to the security granted therefore under the Master Subordinate Indenture, or (v) a reduction in the aggregate Principal Amount of Subordinate Obligations the consent of the Holders of which is required for any such Supplemental Subordinate Indenture. Nothing contained in the Master Subordinate Indenture, however, will be construed as making necessary the approval by Holders of the execution of any Supplemental Subordinate Indenture as authorized in the Master Subordinate Indenture, including the granting, for the benefit of particular Series of Subordinate Obligations, security in addition to the pledge of the Subordinate Net Revenues.

The Airport Authority may, from time to time and at any time, execute a Supplemental Subordinate Indenture which amends the provisions of an earlier Supplemental Subordinate Indenture under which a Series or multiple Series of Subordinate Obligations were issued. If such Supplemental Subordinate Indenture is executed for one of the purposes set forth in the Master Subordinate Indenture, no notice to or consent of the Holders will be required. If such Supplemental Subordinate Indenture contains provisions which affect the rights and interests of less than all Series of Subordinate Obligations Outstanding and the Master Subordinate Indenture is not applicable, then this paragraph rather than the preceding paragraph will control and, subject to the terms and provisions contained in the Master Subordinate Indenture and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Subordinate Obligations of all Series which are affected by such changes will have the right from time to time to consent to any Supplemental Subordinate Indenture deemed necessary or desirable by the Airport Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Subordinate Indenture and affecting only the Subordinate Obligations of such Series; provided, however, that, unless approved in writing by the holders of all the Subordinate Obligations of all the affected Series then Outstanding, nothing contained in the Master Subordinate Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Subordinate Obligations of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Obligations of such Series or the rate of interest thereon. Nothing contained in the Master Subordinate Indenture, however, will be construed as making necessary the approval by Holders of the adoption of any Supplemental Subordinate Indenture as authorized in the Master Subordinate

Indenture, including the granting, for the benefit of particular Series of Subordinate Obligations, security in addition to the pledge of the Subordinate Net Revenues.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT

The following is a summary of certain provisions of the Airline Lease Agreements and is qualified in its entirety by reference to the Airline Lease Agreements, copies of which are available from the Airport Authority.

Certain Definitions

The following are definitions of certain terms used in this Appendix D. Capitalized terms used in this Appendix D, but not otherwise defined herein, have the meanings set forth in the forepart of this Official Statement and in Appendix C-1 of this Official Statement.

“AAAC” means the Airline Airport Affairs Committee established by the Air Carriers operating at the Airport.

“*Additional Termination Damages*” means, collectively, additional damages incurred by Airport Authority because of Airline’s default under the Airline Lease Agreement as it relates to Airline’s Exclusive Use Premises, including but not limited to the costs of removing or storing any personal property from the Airline’s Exclusive Use Premises, the cost of re-letting such Exclusive Use Premises, and the costs of any necessary renovations or repairs and related expenses therefor, all as further described under the caption “Default and Termination—Airport Authority’s Remedies—General Remedies – Application to All Portions of the Premises” of this Appendix D.

“ADP” means the Airport Development Plan under development by Airport Authority to accommodate the demand for and improve the efficiency of the Airport that is expected to include, among other elements, a new, expanded linear Terminal that will replace the existing Terminal-1, a new Taxiway A to improve airfield efficiency with the new Terminal-1 operations, a new, expanded on-airport roadway to serve both the new Terminal-1 and Terminal-2, structured parking to serve the new Terminal-1, a replacement administration building for Airport Authority and other related projects as determined by Airport Authority.

“*Affiliate*” means an Air Carrier that has been properly designated as an Affiliate by a Signatory Airline in accordance with the provisions of the Airline Lease Agreement and is (a) flying in or out of the Airport solely for the benefit of a Signatory Airline and providing transportation of property or passengers for the Signatory Airline under the name of the Signatory Airline, (b) if flying under its own name, not selling any seats in its own name and all seats are being sold in the name of the Signatory Airline or (c) a wholly-owned subsidiary of the Signatory Airline or a subsidiary of the same corporate parent as the Signatory Airline.

“*Air Carrier*” means a carrier certificated by the Secretary of the U.S. Department of Transportation as a Passenger Carrier under 49 U.S.C. § 41102 or a Cargo Carrier under 49 U.S.C. § 41103.

“*Air Transportation Business*” means that business operated by Airline at the Airport for the commercial transportation by air of persons, property, mail, parcels and/or cargo.

“*Aircraft Parking Position*” means a Terminal Parking Position, Cargo Parking Position or Remote Parking Position.

“Aircraft Parking Premises” means those areas within the Airfield Area designated by Airport Authority as Aircraft Parking Positions that are made available by Airport Authority to Airline and to one or more other Air Carriers, subject to the provisions of the Airline Lease Agreement, as such areas may be modified and expanded from time to time by Airport Authority.

“Airfield Area” means all (1) facilities, equipment, improvements, runways, taxiways, and control towers, for the purpose of controlling or assisting arrivals, departures and operations of aircraft, (2) all airline apron areas not leased exclusively, including without limitation Aircraft Parking Positions (3) other airport-related facilities operated and maintained by the FAA or any other federal agency, (4) security fences and service roads located on the Airport and related to the rest of the Airfield Area, (5) signals, beacons, wind indicators, flood lights, landing lights, boundary lights, construction lights, radio and electronic aids or other aids to operations, navigation or ground control of aircraft whether or not of a type herein mentioned and even though located away from but related to the rest of the Airfield Area, (6) aircraft rescue and fire-fighting services, (7) aircraft fueling systems, and (8) noise monitoring/mitigation program costs, except as otherwise provided in the Airline Lease Agreement, and all as they may be modified and expanded from time to time by the Airport Authority.

“Airline” means the Air Carrier that is a party to an Airline Lease Agreement.

“Airline Club” means those Exclusive Use Premises used by Airline to provide services to its passengers.

“Airline Entity” means Airline’s employees, contractors, subcontractors, agents, licensees, sublessees, Affiliates, vendors, invitees (excluding passengers), and any other Air Carrier that Airline expressly authorizes to use its Premises or the Airfield Area (regardless of whether Airline enters into a sublease or license with such Air Carrier), and other parties under Airline’s direction or control that come onto the Airport in connection with Airline’s use or occupancy of the Airport, but excluding Air Carriers that Airline is compelled by Airport Authority to accommodate within Airline’s Premises pursuant to the provisions of the Airline Lease Agreement.

“Airline Lease Agreement” means an Airline Operating and Lease Agreement, together with each Premises Notice issued by Airport Authority to Airline.

“Airline Leased Premises” means those areas, if any, assigned to Passenger Carriers collectively as Exclusive Use Premises, Shared Use Premises, Joint Use Premises and Common Use Premises.

“Airline Rents, Fees and Charges” means, for any Fiscal Year, all rents, charges and fees payable by Air Carriers for such Fiscal Year as determined and adjusted pursuant to the provisions of the Airline Lease Agreement.

“Airline Terminal Support” means Passenger Loading Bridges, Baggage Handling Systems, flight information displays (“FIDS”), gate information displays (“GIDS”), baggage information displays (“BIDS”), paging, and Airport Authority provided staffing, contractual services, facilities, equipment, and other support systems that provide security and other resources supporting Passenger Carrier operations not specifically identified in the Terminal Area. Airline Terminal Support includes the equipment and systems, but not the square footage that houses such systems. The square footage that houses such systems is included in the Terminal Area. Airline Terminal Support shall also include costs incurred by Airport Authority under various provisions of the Airline Lease Agreement.

“Airport” means San Diego International Airport and other related real property thereto.

“*Airport Access*” means the roadways and other transit facilities, vehicles, other equipment and related services which serve the Terminal Area and Landside Area, including without limitation Off-Airport Transportation Projects.

“*Airport Facility*” means a facility, group of facilities, or category of facilities which constitute or are part of the Airport.

“*Airport Rules and Regulations*” means, collectively, all rules, procedures, requirements, standards and regulations currently effective and hereafter amended, adopted or established by Airport Authority, all of which are incorporated into and made a part of the Airline Lease Agreement, provided that such Airport Rules and Regulations do not conflict with applicable provisions of state or federal law or the provisions of the Airline Lease Agreement and are enforced in a nondiscriminatory manner. Airport Authority shall provide at least thirty (30) days’ advance notice of any new or amended Airport Rules and Regulations affecting Airline. Such notice may include notice by email or posting on the Airport Authority’s website.

“*Amortization Charges*” means the amounts properly allocated, whether directly or indirectly, and included in the calculation of Airline Rents, Fees and Charges to repay Airport Authority for costs incurred by Airport Authority for a Capital Project which are not otherwise (1) being repaid in the calculation of Airline Rents, Fees and Charges as Debt Service; (2) being repaid through Passenger Facility Charges, or a federal, state, or local grant; or (3) being funded through the Major Maintenance Fund. The amount to be included in the calculation of Airline Rents, Fees and Charges for each Capital Project shall be in substantially equal annual installments of principal and interest for the term of the asset’s useful life as estimated by Airport Authority, with interest calculated by Airport Authority at a rate equal to the Thirty-Year Revenue Bond Index at the time the Capital Project is placed in service.

“*Ancillary*” means those facilities and areas associated with mail facilities, general aviation, flight kitchen, private hangar facilities, and other facilities and land not associated with other Direct Cost Centers located on property owned or leased by Airport Authority.

“*Annual Net Debt Service*” means Debt Service less any Passenger Facility Charges and Federal Interest Payment Subsidy used to pay such Debt Service.

“*Applicable Laws*” means, collectively, all applicable present and future laws, rules, regulations, ordinances, orders, directives, notices, federal grant assurances, limitations, restrictions, or prohibitions of any federal, state or local governmental authority lawfully exercising authority over the Airport or the activities and business operations of Airline, as they may be amended from time to time, whether foreseen or unforeseen, ordinary as well as extraordinary, including without implied limitation those relating to (i) health, sanitation and safety; (ii) the environment, including without limitation all Environmental Laws; (iii) access for persons with disabilities, including without limitation the Americans with Disabilities Act of 1990, 42 U.S.C. §§ 12101 et seq.; and (iv) airport security, including without limitation the regulations of the Transportation Security Administration, 49 CFR Parts 1540, 1542, 1544 et seq.

“*Airport Authority Codes*” means the Airport Authority Codes and Policies.

“*Airport Authority-Controlled Facilities*” means, collectively, those certain areas, fixtures, equipment, systems and improvements and associated space operated, managed and controlled by Airport Authority and located throughout the Airport in furtherance and support of the Air Transportation Business and related operations of Air Carriers at the Airport, including Airline, including without limitation Common Use Premises, Passenger Loading Bridges and Common Use Systems.

“Average Minimum Use Level” means the daily average number of Departing Seats calculated by Airport Authority based on the rolling twelve-month average of an Air Carrier’s Departing Seats at all of an Air Carrier’s Preferential Use Gates.

“Bad Debt Expenses” means any Airline Rents, Fees and Charges not remitted by any Air Carrier ninety (90) days after the payment is due to Airport Authority. Bad Debt Expenses shall be allocated to the Airfield Area and Terminal Area Cost Centers. To the extent that Bad Debt Expenses are subsequently collected more than ninety (90) days after the payment is due to Airport Authority, such amounts shall be credited to the applicable Cost Center.

“Baggage Handling Systems” means the baggage handling systems at Airport owned and controlled by Airport Authority.

“Bond” or *“Bonds”* means any debt obligation of Airport Authority issued under and in accordance with any Indenture involving Airport Authority.

“Capital Project” means any project with a cost greater than \$150,000, as adjusted by the Consumer Price Index from the Effective Date, that is undertaken and funded by Airport Authority, with a useful life in excess of one year as reasonably determined by Airport Authority, which is acquired, purchased, or constructed to improve, maintain, or develop the Airport, including any extraordinary or substantial expenditure whose objective is to preserve, enhance or protect the Airport which can qualify as a capital expenditure.

“Cargo Carrier” means a carrier certificated by the Secretary of the U.S. Department of Transportation as a Cargo Carrier under 49 U.S.C. § 41103.

“Cargo Parking Positions” means the apron areas in the Airfield Area, as shown in the Airline Lease Agreement, located adjacent to Cargo Carrier facilities in the Ancillary Area and for which Cargo Carriers pay Aircraft Parking Position Rentals, as such areas may be modified and expanded from time to time by Airport Authority.

“Claims” means any and all liability, damages, losses, expenses, claims, judgments, demands, penalties or fines, including without limitation reasonable attorneys’ fees and court costs.

“Common Use Gate” means a Gate designated by Airport Authority in accordance with the provisions of the Airline Lease Agreement to be used in common by Passenger Carriers operating at the Airport, and shall not be deemed to be a Preferential Use Gate.

“Common Use Systems” means information technology-based systems owned by Airport Authority and which accesses a Passenger Airline’s proprietary passenger processing network for passenger departure or arrival processing. Common Use Systems includes, if any, such systems and related equipment installed at Common Use Premises, Gates, hold rooms, baggage claim areas, and other areas as determined by Airport Authority. Common Use Systems includes the equipment and systems, but not the square footage that houses such systems. The square footage that houses such systems is included in the Terminal Area.

“Common Use Ticket Counter” means the Ticket Counters designated by the President/CEO to be used in common by Passenger Carriers operating at the Airport.

“Common Use Premises” means those areas within the Terminal, described in the Airline Lease Agreement as of the Effective Date, related to the ticketing of passengers and equipped with Common Use Systems including, but not limited to Common Use Ticket Counters, free-standing self-service kiosks,

skycap podiums, curbside positions and Queuing Space, that are made available by Airport Authority to Airline and to one or more other Passenger Carriers, subject to the provisions of the Airline Lease Agreement, as such areas may be modified and expanded from time to time by Airport Authority.

“*Concluding Walk-Through*” means a physical walk-through of the Premises or any portion thereof by a representative or consultant of Airport Authority and Airline prior to the date that such Premises are vacated or surrendered pursuant to the Airline Lease Agreement.

“*Consumer Price Index*” means the Consumer Price Index for All Urban Consumers, San Diego published by the United States Department of Labor, Bureau of Economic Statistics or, in the event that the United States Department of Labor ceases to publish such an index, a similar index selected in the reasonable discretion of the President/CEO after consultation with the Signatory Airlines.

“*Cost Centers*” means the areas, facilities, systems and services that are grouped for the purpose of accounting for and the assignment of Revenues, O&M Expenses, Debt Service, Amortization Charges, Coverage Charges, Major Maintenance Fund Deposits, Reserve Deposits and any other deposits required by the Indenture.

“*Coverage Charges*” shall be calculated in each Fiscal Year as:

- (1) 140% times Debt Service, *plus*
- (2) O&M Expenses, and *minus*
- (3) Revenues, Passenger Facility Charges used to pay Debt Service, and Federal Interest Payment Subsidy.

If the calculation of Coverage Charges results in a negative amount, no Coverage Charges shall be imposed for such Fiscal Year. Coverage Charges shall be allocated to the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers in proportion to the Annual Net Debt Service in each of those Cost Centers.

“*Date of Beneficial Occupancy*” or “*DBO*” means the date when a Capital Project or phased component of a Capital Project has been completed and the President/CEO determines that it is ready and available for its intended use by Air Carriers.

“*Debt Service*” means the aggregate amount of principal and interest becoming due and payable during the Fiscal Year for Bonds or Other Debt Service of Airport Authority.

“*Departing Seats*” means the total number of seats available on all of a Signatory Airline’s and its Affiliates’ departing Scheduled Operations over a specified period of time.

“*Direct Cost Centers*” means those functionally or physically discrete Cost Centers established by Airport Authority.

“*Effective Date*” means 12:00 a.m. Pacific Daylight Saving Time, July 1, 2019.

“*Endangered, Threatened and Sensitive Species*” means any flora or fauna identified by the provisions of the California Endangered Species Act (California Fish and Game Code § 2050, et seq.), the Federal Endangered Species Act (16 U.S.C. §§ 1531-1543), and the Federal Migratory Bird Treaty Act (16

U.S.C. §§ 703-712), including the California least tern (*Sterna antillarum browni*), a seabird known to nest on the Airport.

“Enplaned Passengers” means passengers (including non-revenue passengers) boarding an aircraft at the Airport, but does not include the flight crew.

“Environmental Laws” means any applicable statute, ordinance, code, rule, permit, regulation, license, approval, authorization, order, directive, notice, injunction, controlling federal or state court decision, or administrative or regulatory decree, judgment or order of any governmental authority, federal, state or local lawfully exercising authority over the Airport or the activities and business operations of Airline at the Airport, or written plan required by or in response to any of the same, which pertains to the environment (including, but not limited to, ground, air, water pollution or contamination, public health, public safety, public welfare, any Regulated Materials and Pollutants, Endangered, Threatened or Sensitive Species, historic properties and underground or above-ground tanks) and shall include, without limitation, the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 U.S.C. § 6901 et seq., as amended by the Hazardous and Solid Waste Amendments of 1984; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986 the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Clean Air Act (“CWA”), 42 U.S.C. § 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. §300f, et seq.; the Hazardous Materials Transportation Act 49 U.S.C. § 5101, et seq.; the California Hazardous Waste Control Law, California Health and Safety Code § 25100, et seq.; the Porter-Cologne Water Quality Control Act, California Water Code § 13000, et seq. (“California CWA”); the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5, et seq.; and any other local, state, or federal environmental statutes, rules, regulations, orders, and decrees applicable now or hereafter promulgated under any of the foregoing, as any of the foregoing may be applicable or may be changed or amended or come into effect in the future. Nothing in these provisions shall preclude Airline from raising reasonable defenses including without limitation federal preemption, to the application of Environmental Laws to Airline.

“Exclusive Use Premises” means those areas described in the Airline Lease Agreement, used exclusively by Airline except as otherwise provided in the Airline Lease Agreement, including, but not limited to (a) certain Ticket Counters, free-standing self-service kiosks, skycap podiums, curbside positions, and associated Queuing Space in Terminal 1 on a transitional basis until the DBO of new Terminal facilities to be constructed in the ADP; and (b) certain ticket offices and baggage service offices, Airline Clubs and operational support areas.

“Expiration Date” means 11:59 p.m. Pacific Daylight Saving Time, June 30, 2029.

“FAA” means the Federal Aviation Administration or its successor.

“Federal Interest Payment Subsidy” means subsidies provided by the Federal Government for the payment of Debt Service.

“Filed Schedule” means a Passenger Carrier’s flight schedule submitted in the form required by Airport Authority prior to, or on, the designated due date in the Gate, Ticket Counter and Aircraft Parking Position Rules.

“FIS” means the federal inspection services facilities located in the Terminal.

“*Fiscal Year*” means a year beginning July 1 and ending June 30, as may be amended or changed by Airport Authority from time to time.

“*Fuel System*” means, collectively, all fuel (including motor fuel) receipt, storage, transmission, delivery and dispensing systems, including without limitation hydrant systems, and related facilities, fixtures, equipment and other real and personal property, whether permanent, temporary or mobile, including but not limited to underground delivery pipelines, storage tanks, fuel pumps or load racks, and underground hydrant pipes and pumps, located at the Airport or otherwise that are leased, acquired or controlled at any time during the Term by Air Carriers, either directly or indirectly through or a limited liability company, consortium or committee composed primarily of Air Carriers.

“*Fuel System Costs*” means any costs incurred by Airport Authority that are attributable to the Fuel System, including without limitation direct and indirect costs, Airport Authority in-house costs (including Airport Authority employees’ time attributable to the administration and management of the Fuel System), consulting and engineering fees, attorneys’ fees, insurance and premium costs, insurance deductibles and self-retention for property insurance, Capital Project costs, operation and maintenance costs, repair and construction costs, any other costs incurred in connection with capital improvements, the demolition, removal or decommissioning of any portion of the Fuel System, security expenses, entry and inspection costs, costs arising, costs related to a Response to the Release of any Regulated Materials and Pollutants and any other costs incurred by Airport Authority to comply with Environmental Laws that are not directly reimbursed to Airport Authority by Air Carriers or a limited liability company, consortium or committee composed primarily of Air Carriers.

“*Future Charges*” means, collectively, the amounts of all Airline Rent, Fees and Charges which, but for termination of the Airline Lease Agreement pursuant to the provisions of the Airline Lease Agreement, would have become due over the remainder of the Airline Lease Agreement.

“*Gate*” or “*Gates*” means the area(s) on the secure side of the Airport Facilities that transition the passenger from the Terminal to a Passenger Carrier’s aircraft parked in a Terminal Parking Position, which are controlled, operated or assigned to a Passenger Carrier by Airport Authority as set forth in the Airline Lease Agreement.

“*Gate Requesting Airline*” means a Scheduled Airline seeking to operate at a Preferential Use Gate assigned to a Signatory Airline, in accordance with the procedures specified in the Airline Lease Agreement.

“*Gate, Ticket Counter and Aircraft Parking Position Rules*” means Airport Authority’s reasonable policies, rules and protocols, as they shall be developed and may be amended from time to time by the President/CEO after consultation with the Gate, Ticket Counter and Aircraft Parking Position Rules Committee and the Signatory Airlines at a AAAC meeting, governing priorities, procedures and requirements for the assignment and use of Gates, Ticket Counters and Aircraft Parking Positions; provided, however, that the Gate, Ticket Counter and Aircraft Parking Position Rules shall not conflict with the express terms of the Airline Lease Agreement.

“*Gate, Ticket Counter and Aircraft Parking Position Rules Committee*” means a committee comprised of representatives of Airport Authority and the Signatory Airlines that shall make recommendations to the President/CEO on the Gate, Ticket Counter and Aircraft Parking Position Rules. The Gate, Ticket Counter and Aircraft Parking Position Rules Committee shall include at least two Signatory Airlines that are selected by the AAAC.

“General and Administrative Cost Center” means all facilities and functions associated with the general management and administration of Airport Authority.

“Indenture” means, collectively, the Master Trust Indenture, dated as of November 1, 2005, by and between Airport Authority and the trustee thereto, together with all amendments and supplemental indentures thereto, and the Master Subordinate Trust Indenture, dated as of September 1, 2007 by and between Airport Authority and the trustee thereto, together with any amendments and supplemental indentures thereto, or any other indenture or financial instrument of Airport Authority which creates a debt obligation of Airport Authority.

“Indirect Cost Centers” means those Cost Centers established by Airport Authority that are not generally revenue producing and for which costs are not assigned to any Direct Cost Center under Airport Authority’s accounting system.

“Initial Walk-Through” means a physical walk-through of the Premises prior to Airline’s initial occupancy (as of the Effective Date or later) of, use of, or operations at the Premises.

“Irregular Operation” means an off-schedule arrival or departure of a Scheduled Operation at a particular Gate or any flight that is not a Scheduled Operation at a particular Gate, but needs to operate at that Gate for reasons outside an Passenger Carrier’s control or for other commercially reasonable purposes.

“Joint Use Premises” means those areas used by one or more Passenger Carriers and described in the Airline Lease Agreement as of the Effective Date, including but not limited to hold rooms, passenger screening areas and baggage claim areas, as such areas may be modified and expanded from time to time by Airport Authority.

“Landside Area” means those services, facilities, and areas associated with auto parking facilities (both public and employee); commercial vehicle operations; and rental car leasing, storage, or operations. For the purposes of calculating Airline Rates, Fees, and Charges, costs associated with providing shuttle bus transportation between the terminal buildings, and between employee parking and the terminal buildings are assigned to the Terminal Area.

“Leasable Premises” means those areas and spaces within the Terminal Area that are (1) available for lease to or use by Passenger Carriers as Exclusive Use Premises, Shared Use Premises, Joint Use Premises or Common Use Premises or (2) available for lease to other tenants.

“Maximum Gross Landing Weight” (“MGLW”) means the maximum certificated weight, in 1,000 pound units, of an aircraft authorized by the FAA to land at an airport, as specified in the flight manual governing that aircraft type.

“Major Maintenance Fund” means an account of the name established under the Airline Lease Agreement.

“Major Maintenance Fund Deposit” means the amounts deposited into the Major Maintenance Fund in accordance with the provisions of the Airline Lease Agreement.

“Majority-in-Interest” means, for any Fiscal Year, at least two Signatory Airlines that together paid at least 50% of all Airline Rents, Fees and Charges paid by all Air Carriers during the immediately preceding Fiscal Year.

“Minimum Daily Average Utilization” means (a) for a Signatory Airline assigned only one Preferential Use Gate, 625 Scheduled Departing Seats Per Day over the most recent sixty day period or (b) for a Signatory Airline assigned more than one Preferential Use Gate, 750 Scheduled Departing Seats Per Day over the most recent sixty day period, subject to being adjusted by Airport Authority, after consultation with the Signatory Airlines, from time to time to accommodate Airport operations and promote equity.

“Non-Signatory Airline” means any Air Carrier that is not a Signatory Airline.

“Off-Airport Public Transportation Projects” means roadway, intersection improvement, fixed-guideway, railway, transit station and other Capital Projects related to public transportation to or from the Airport that include physical components that are located outside of the boundary of the Airport, including on-Airport transportation Capital Projects that link to off-Airport Capital Projects, but excluding the following Capital Projects associated with the ADP: Harbor Drive modifications to integrate the Inbound Roadway Project; elevated departure roadway/departures curb; commercial ground transportation plaza for buses, shuttles and taxis; recirculation roads related to the ADP, including return roadway to parking, terminal, and/or Airport exit; bicycle and pedestrian access facilities; vehicle security screening area; and MTS bus stops and ticket dispensers.

“Operation” means the arrival and departure of an aircraft at the Airport.

“Operation and Maintenance Expenses” or *“O&M Expenses”* means all reasonable and necessary current expenses of Airport Authority, paid or accrued, for operating, maintaining, and repairing the Airport, including administrative expenses and other Airport Authority expenses reasonably allocated to the Airport, as more specifically defined in the Indenture.

“Other Debt Service” means any debt obligation of Airport Authority other than Bonds, including commercial paper, other indebtedness of Airport Authority, and all other related requirements.

“Passenger Carrier” means an Air Carrier certificated by the Secretary of the U.S. Department of Transportation under 49 U.S.C. § 41102.

“Passenger Facility Charges” or *“PFCs”* means charges authorized by 49 U.S.C. § 40117 and applicable implementing regulations adopted by the FAA, as they may be amended from time to time.

“Passenger Loading Bridge” or *“PLB”* means a passenger loading bridge at the Airport owned and controlled by Airport Authority.

“Period of Use” means the period of time during which Airline and other Signatory Airlines shall have a scheduling preference on a Preferential Use Gate for a Scheduled Operation, as defined in the Gate, Ticket Counter and Aircraft Parking Position Rules.

“PFC Regulations” means, collectively, 49 U.S.C. § 40117 and applicable implementing regulations adopted by the FAA, 14 CFR Part 158, as they may be amended from time to time.

“Planned Uses” means commercial, industrial or aviation related land uses reasonably contemplated or anticipated by Airport Authority, except for the following activities: child care, residential, general primary and secondary education facilities and health care uses.

“Preferential Use Gate” means a Gate assigned by Airport Authority to Airline or another Passenger Carrier and to which Airline has a higher priority of use over all other Passenger Carriers, in accordance with and subject to Article 4 and the Gate, Ticket Counter and Aircraft Parking Position Rules.

“Preferential Use FIS Gate” means a Preferential Use Gate with direct access to the FIS facilities.

“Premises” means, (a) Exclusive Use Premises; (b) Shared Use Premises; (c) Joint Use Premises; (d) Common Use Premises; (e) Unenclosed Operations Premises; and (f) Aircraft Parking Premises all as further described in the Airline Lease Agreement; provided, however, that in the case of Shared Use Premises, Joint Use Premises, Common Use Premises, and Aircraft Parking Premises, such areas will only constitute “Premises” during the period of time for which Airline has the right to use such areas. Premises shall not include any areas leased by Airline in the Terminal Area or otherwise on the Airport pursuant to an instrument, license, permit, or agreement other than the Airline Lease Agreement.

“Premises Notice” means the notice described in the Airline Lease Agreement.

“President/CEO” means the President/CEO of the Airport or his/her successor or designee, or the person, division, department, bureau, or agency designated by Airport Authority to exercise functions equivalent to those now exercised by the President/CEO or his/her successor.

“Process Water” means water that contains Regulated Materials and Pollutants from any point or non-point source subject to the CWA or the State of California Porter-Cologne Water Quality Control Act requirements.

“Public Areas” means sidewalks, concourses, corridors, lobbies, passageways, restrooms, elevators, escalators and other similar space made available by Airport Authority from time to time for use by passengers, Airport Authority employees, Airline employees and agents, other Air Carrier employees and agents and other members of the public, as such areas presently exist or may hereafter be expanded, modified, constructed, or relocated.

“Queuing Space” means the queuing areas associated with Ticket Counters, curbside positions, and Common Use System-equipped terminals, all as may be reasonably determined by Airport Authority from time to time.

“Regulated Materials and Pollutants” means (a) any material that, because of its quantity, concentration or physical or chemical characteristics, has been determined by any applicable federal, State or local governmental authority to pose a hazard to human health or safety or to the air, water, soil or environment; (b) any materials, substances, products, by products, waste, or other materials of any nature or kind whatsoever whose presence in and of itself or in combination with other materials, substances, products, by products, or waste may give rise to liability under any Environmental Law and (c) any Process Water or Solid Waste. “Regulated Materials and Pollutants” includes, without limitation, any material or substance identified, listed, or defined as a “hazardous waste,” “hazardous substance,” “pollutant,” “contaminant” or term of similar import, or which is otherwise regulated pursuant to Environmental Laws; any asbestos and asbestos- containing materials; petroleum, including crude oil or any fraction thereof; natural gas or natural gas liquids; polychlorinated biphenyls or lead-based paint.

“Release” when used for Regulated Materials and Pollutants shall include any actual spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or on any property or the environment, and includes any threat of Release to the extent regulated under Environmental Laws.

“Remote Parking Position” means a location at the Airport designated for parking an aircraft, including use as a hardstand operation, temporary aircraft parking location, or the overnight storage of aircraft, but excluding Terminal Parking Positions and Cargo Parking Positions, as they may be modified from time to time by the Airport Authority.

“Reserve Deposits” means any amounts required for (1) any fund established pursuant to the Indenture or any supplemental Indenture, or (2) any deposit for self-insurance or other purposes, upon notice to the Signatory Airlines, whose object is to preserve or protect the Airport in the event of an extraordinary or substantial expenditure event. Reserve Deposits shall be allocated 25% to the Airfield Area, 50% to the Terminal Area, 20% to the Landside Area, and 5% to the Ancillary Area.

“Response” or *“Respond”* means action taken in compliance with Environmental Laws to correct, remove, remediate, clean-up, prevent, mitigate, treat, monitor, evaluate, investigate, assess or abate the Release of any Regulated Materials and Pollutants, or to prevent or abate any public nuisance.

“Revenues” means “Revenues” as defined in the Indenture.

“Scheduled Airline” means a Passenger Carrier performing scheduled passenger service operations at the Airport.

“Scheduled Departing Seats Per Day” means (a) the Departing Seats of a Signatory Airline during a specified period of time, (b) divided by the number of days in that period of time. In determining Scheduled Departing Seats Per Day, a Signatory Airline may include the Departing Seats of its Affiliates.

“Scheduled Operation” means a Scheduled Airline’s operation (arrival or departure) that occurs pursuant to a schedule that is published in the Official Airline Guide (OAG) or any successor publication sixty days prior to the first day of the month in which a Signatory Airline’s schedule would take effect, and that is also submitted to Airport Authority in a Filed Schedule as required by the Airline Lease Agreement and the Gate, Ticket Counter and Aircraft Parking Position Rules, subject to Airline’s right to amend its Filed Schedule in accordance with the Gate, Ticket Counter and Aircraft Parking Position Rules.

“Shared Use Premises” means those areas used by one or more Passenger Carriers and described in the Airline Lease Agreement, including but not limited to baggage make up areas and baggage screening areas, as such areas may be modified and expanded from time to time by Airport Authority.

“Signatory Airline” means an Air Carrier that has executed an airline operating and lease agreement with Airport Authority substantially similar to the Airline Lease Agreement. An Affiliate of a Signatory Airline shall not be a Signatory Airline.

“Solid Waste” shall have the same meaning as that term is given under RCRA.

“Temporary Space” means a portion of Airline’s Exclusive Use Premises that is assigned in Airport Authority’s sole discretion to Airline for (i) subletting to a ground handler or other vendor of Airline, subject to the provisions of the Airline Lease Agreement or (ii) Airline’s use for a term determined in Airport Authority’s sole discretion provided that it is less than the remaining Term of the Airline Lease Agreement.

“Term” means the period of time beginning on the Effective Date and ending on the Expiration Date, unless earlier terminated as provided in the Airline Lease Agreement; provided, however, that the Effective Date for a duly executed Airline Lease Agreement that is delivered to Airport Authority after July 1, 2019 by any Air Carrier shall be the first day of the next month beginning no less than sixty days after the date the duly executed Airline Lease Agreement is delivered to Airport Authority, and until such Effective Date any such Air Carrier shall be deemed to be a Non-Signatory Airline on and after July 1, 2019.

“*Terminal*” means all of the airline passenger terminal buildings at the Airport, as they may be modified and expanded from time to time by the Airport Authority, including but not limited to Terminal 1 and Terminal 2.

“*Terminal Areas*” means all airline passenger terminal buildings at the Airport, including the central plant and related areas, public walkways and grounds immediately outside the passenger terminal buildings. The square footage that houses the Common Use Systems and Airline Terminal Support equipment and systems is included in the Terminal Area. For the purposes of calculating Airline Rates, Fees, and Charges, costs associated with providing (1) emergency medical service and (2) shuttle bus transportation between the terminal buildings and between employee parking and the terminal buildings are assigned to the Terminal Area.

“*Terminal Parking Position*” means the apron areas located adjacent to the Terminal and not separated from the Terminal by a taxiway or aircraft maneuvering area, as they may be modified from time to time by the Airport Authority.

“*Termination Damages*” means, collectively, all unpaid Airline Rent, Fees and Charges and damages incurred by Airport Authority due to Airline’s default of the Airline Lease Agreement, including, but not limited to, attorneys’ fees and costs, that Airport Authority is entitled to recover from Airline.

“*Ticket Counter*” means those areas in the Terminal Building designated by the President/CEO for use by Passenger Carriers for ticketing and processing passengers and their baggage, and similar activities.

“*Unenclosed Operations Premises*” means those areas below the dripline between the terminal building and the apron that are not equipped with utility services and that are assigned to Airline in accordance with the provisions of the Airline Lease Agreement.

Airline’s Premises

Rights to Use Premises.

Premises Notice. On or before the Effective Date, Airport Authority will issue to Airline a Premises Notice that will designate which areas of the Airport, if any, that Airport Authority will make available for Airline’s use as: (a) Exclusive Use Premises; (b) Shared Use Premises; (c) Joint Use Premises; (d) Common Use Premises; (e) Unenclosed Operations Premises and (f) Aircraft Parking Premises. Subject to the terms of the Airline Lease Agreement, Airline acknowledges and agrees that the Premises Notice will be revised by Airport Authority and issued to Airline from time to time during the Term to reflect the reassignment and reallocation of the Premises and rights therein pursuant to the Airline Lease Agreement.

Exclusive Use Premises. Airport Authority leases to Airline and Airline agrees to lease through the Term of the Airline Lease Agreement on an exclusive use basis the Exclusive Use Premises identified in the Premises Notice, subject to the Airline Lease Agreement and Airport Rules and Regulations; provided, however, that the lease of any Exclusive Use Space that is assigned by Airport Authority to Airline as Temporary Space for subleasing to a ground handler or other vendor of Airline may be terminated, in whole or in part, by either Airport Authority or Airline after ninety days’ written notice.

Shared Use Premises. Airport Authority grants to airline, subject to the Airline Lease Agreement and Airport Rules and Regulations, the right to use, on a shared use basis with one or more Passenger Carriers, the Shared Use Premises identified in the Premises Notice provided, however, that Airport Authority shall at all times have exclusive control and management of the Shared Use Premises.

Joint Use Premises. Airport Authority grants to Airline, subject to the Airline Lease Agreement, Airport Rules and Regulations and the Gate, Ticket Counter and Aircraft Parking Position Rules, the right to use, on a joint use basis with one or more Passenger Carriers, the Joint Use Premises identified in the Premises Notice provided, however, that Airport Authority shall at all times have exclusive control and management of the Joint Use Premises other than Preferential Use Gates.

Common Use Premises. Airport Authority grants to Airline, subject to the Airline Lease Agreement, Airport Rules and Regulations and the Gate, Ticket Counter and Aircraft Parking Position Rules, the right to use, on a common use basis with other Passenger Carriers using the Airport, the Common Use Premises identified in the Premises Notice; provided, however, that Airport Authority shall at all times have exclusive control and management of the Common Use Premises.

Unenclosed Operations Premises. Airport Authority grants to Airline, subject to the Airline Lease Agreement and Airport Rules and Regulations, the right to use the Unenclosed Operations Premises identified in the Premises Notice; provided, however, that any use of Unenclosed Operations Premises must be approved by the Airport Authority in writing and that Airport Authority shall have the right to reassign any Unenclosed Operations Premises to another Air Carrier after thirty days' notice. Airline's storage or placement of material on Unenclosed Operations Premises shall be limited to operational material that either cannot be stored within enclosed Exclusive Use Premises in the Terminal or for which there are no enclosed Exclusive Use Premises in the Terminal available for lease. Airline shall have priority over another Air Carrier to lease Unenclosed Operations Premises adjacent to any Preferential Use Gate assigned to Airline or to Airline's Exclusive Use Premises. Any area of Unenclosed Operations Premises that becomes supplied with utilities shall be considered Exclusive Use Premises and shall be subject to the full Terminal Rental Rate.

Aircraft Parking Premises. Airport Authority grants to Airline, subject to the Airline Lease Agreement, Airport Rules and Regulations and the Gate, Ticket Counter and Aircraft Parking Position Rules, the right to use, on a common use basis with one or more Air Carriers, the Aircraft Parking Premises identified in the Premises Notice provided, however, that Airport Authority shall at all times have exclusive control and management of the Aircraft Premises other than the Terminal Parking Positions associated with Preferential Use Gates.

Airline Relocations, Accommodations and Right-Sizing Related to the ADP.

Relocations of Space During Construction of the ADP. Airline acknowledges that during construction of the ADP, in order to facilitate the continued operations of all Passenger Carriers at the Airport and to serve the traveling public, it will be necessary for Airport Authority, from time to time, to relocate one or more Signatory Airlines in accordance with the provisions of the Airline Lease Agreement on an interim, transitional basis pending completion of the ADP.

Accommodations. Airline acknowledges that during construction of the ADP, in order to accommodate the needs of all Passenger Carriers for reasonable access to required Terminal facilities, it is likely that Airline will be required to accommodate other Passenger Carriers at its Exclusive Use Premises, where practicable, and on its Preferential Use Gates. If such accommodations are necessary, Airport Authority will coordinate with Airline to allow Airline to address legitimate concerns over labor rights and proprietary information and Airport Authority will apportion the Airline Rents, Fees and Charges fairly between Airline and the accommodated Passenger Carrier.

Airline Right-Sizing Options. Airline may request and Airport Authority shall grant a reduction in the size of Airline's Exclusive Use Premises or, to the extent there is available space, an increase in the size of Airline's Exclusive Use Premises as follows:

(i) On or before January 1, 2024, Airline may make a written request to be effective July 1, 2024; and

(ii) At least six months prior to the DBO of new Terminal facilities to be constructed in the ADP, Airline may make a written request to be effective as of the DBO of such facilities.

Airport Authority shall not be obligated to grant requests for reductions in Airline's Exclusive Use Premises that cumulatively exceed 15% of Airline's Exclusive Use Premises (net any Ticket Counters, free-standing self-service kiosks, skycape podiums, curbside positions, and associated Queuing Space in Terminal 1 assigned to Airline as part of its Exclusive Use Premises on a transitional basis until the DBO of new Terminal facilities to be constructed in the ADP) as measured on the date that Airline makes its first request under this section. Additionally, Airport Authority shall not be obligated to grant a request for a reduction in Airline's Exclusive Use Premises if the space requested by Airline is not, in the reasonable judgment of the President/CEO, suitable for lease to another Air Carrier based on location, size and condition of the space.

Assignment of Gates and Ticket Counters

Airport Authority and Airline intend to ensure open access and balanced utilization of Joint Use Premises, including Gates, Shared Use Premises, and Common Use Premises. Airport Authority shall, at all times, have exclusive possession and control of all Joint Use Premises, subject to Preferential Use Gate rights granted to Signatory Airlines in accordance with the provisions of the Airline Lease Agreement, and Common Use Premises.

No Exclusive Use. No Gate, Ticket Counter, Terminal Parking Position or Remote Parking Position may be assigned for any Air Carrier's exclusive use, except as provided in the Airline Lease Agreement. Each Gate shall be designated by Airport Authority for either common use or preferential use. All Terminal Parking Positions and Remote Parking Positions shall be designated for common use in accordance with the provisions of the Airline Lease Agreement and the Gate, Ticket Counter and Aircraft Parking Position Rules.

Discretion of President/CEO. Subject to the provisions of the Airline Lease Agreement, the use, location and status of Preferential Use Gates, Common Use Gates and Aircraft Parking Positions, scheduling on Common Use Gates, Aircraft Parking Positions and Common Use Ticket Counters, accommodation on Preferential Use Gates and Aircraft Parking Positions shall be determined in the sole discretion of Airport Authority by its President/CEO after consultation with the Gate, Ticket Counter and Airport Parking Position Committee. Airport Authority shall establish and revise from time to time the Gate, Ticket Counter and Airport Parking Position Rules, after consultation with the Gate, Ticket Counter and Airport Parking Position Rules Committee, to set rules, priorities and protocols for the assignment and use of Gates, Aircraft Parking Positions and Ticket Counters.

Minimum Number of Common Use Gates. Airport Authority shall throughout the Term designate, at a minimum, nine Common Use Gates in the Terminals.

Subordination of Agreement to Indenture

The Airline Lease Agreement and any obligations owed by Airport Authority to Airline that may arise under the Airline Lease Agreement or as it may be amended are subordinate in all respects and at all times to the lien, covenants (including rate covenants), pledges, provisions and funding requirements under the Indenture and any supplemental Indenture then in effect.

Airport Rents, Fees and Charges

Budgeted Airline Rents, Fees, and Charges. The Airline Rents, Fees and Charges to be charged by Airport Authority and paid by Airline and all other Air Carriers for use of the Airport from the Effective Date until the expiration or earlier termination of the Airline Lease Agreement shall be calculated using the rate-setting methods described under this caption “Airport Rents, Fees, and Charges”. For each Fiscal Year, Airport Authority shall develop a budgeted Landing Fee Rate, Aircraft Parking Position Rentals and Fees, Terminal Rental Rate, Joint Use Fees and Common Use Fees. Before formally adopting the budget, and any resulting Airline Rents, Fees, and Charges, Airport Authority shall consult with the Signatory Airlines and consider their comments regarding the capital improvement program at the Airport, budget and calculation of the budgeted Airline Rents, Fees, and Charges.

Adjustment of Airline Rents, Fees, and Charges During Fiscal Year. Airport Authority shall review the Airline Rents, Fees, and Charges at least once during each Fiscal Year. If during any of these reviews, Airport Authority finds that the estimated Airline Rents, Fees, and Charges vary by 5% or more from those originally budgeted or previously estimated by Airport Authority, Airport Authority may, after consultation with the Signatory Airlines, adjust the Airline Rents, Fees, and Charges to conform to Airport Authority’s current estimates.

Reconciliation of Airline Rents, Fees, and Charges for the Fiscal Year. Within six months after the close of each Fiscal Year, Airport Authority shall calculate the Airline Rents, Fees, and Charges based on actual results for the Fiscal Year. Any difference between the budgeted Airline Rents, Fees, and Charges paid by the Signatory Airlines and the actual Airline Rents, Fees, and Charges chargeable to the Signatory Airlines based on actual results shall be either refunded by Airport Authority to Airline or Airline shall pay Airport Authority. If the actual Airline Rents, Fees, and Charges paid by Airline under the Airline Lease Agreement for a given Fiscal Year total less than \$500,000 for a Passenger Carrier or \$250,000 for a Cargo Carrier, Airline shall make a supplemental payment such that the total Airline Rents, Fees, and Charges plus the supplemental payment under the Airline Lease Agreement for such Fiscal Year equal \$500,000 for a Passenger Carrier and \$250,000 for a Cargo Carrier. Any amount due Airline shall be paid to Airline in the month following the reconciliation, provided, however, that Airport Authority may deduct any amounts due Airport Authority which are past due by thirty days or more. Any amount due Airport Authority shall be invoiced to Airline and due and payable within thirty days from the date of the invoice. For Fiscal Year 2029, the final year of the Term, the Airport Authority shall make a final settlement in accordance with the provisions of this paragraph and any resulting credit shall be issued to Airline, and any resulting charge will be invoiced to Airline, notwithstanding the termination of the Agreement on June 30, 2029.

Major Maintenance Fund, Coverage Charges, Days Cash on Hand and Transitional Use of Funding.

Establishment of Major Maintenance Fund. Airport Authority shall establish the Major Maintenance Fund to be used to fund Capital Projects in the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers and Capital Projects in Indirect Cost Centers to the extent allocable to the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers. Funding from the Major Maintenance Fund shall not incur Amortization Charges. The Airport Authority shall make deposits to the Major Maintenance Fund as follows:

- (a) For Fiscal Year 2020, Airport Authority shall deposit thirty million dollars (\$30,000,000) into the Major Maintenance Fund and allocate the costs of the deposits to Cost Centers as follows: ten million dollars (\$10,000,000) to the Airfield Area; ten million dollars (\$10,000,000) to the Terminal Area; and ten million dollars (\$10,000,000) to a combination of the Landside Area and Ancillary Area, as determined in the discretion of the Airport Authority.

(b) For Fiscal Year 2021, Airport Authority shall deposit ten million dollars (\$10,000,000) into the Major Maintenance Fund and allocate the costs of the deposits to Cost Centers as follows: ten million dollars (\$10,000,000) to a combination of the Landside Area and Ancillary Area, as determined in the discretion of the Airport Authority.

(c) For Fiscal Year 2022, Airport Authority shall deposit ten million dollars (\$10,000,000) into the Major Maintenance Fund and allocate the costs of the deposits to Cost Centers as follows: ten million dollars (\$10,000,000) to a combination of the Landside Area and Ancillary Area, as determined in the discretion of the Airport Authority.

(d) Each subsequent Fiscal Year, beginning July 1, 2022, Airport Authority shall deposit fifty million dollars (\$50,000,000) into the Major Maintenance Fund and allocate the costs of the deposits to Cost Centers as follows: twenty million dollars (\$20,000,000) to the Airfield Area; twenty million dollars (\$20,000,000) to the Terminal Area; and ten million dollars (\$10,000,000) to a combination of the Landside Area and Ancillary Area, as determined in the discretion of the Airport Authority.

Use of Any Available Coverage Charges. Airport Authority shall report Coverage Charges collected each Fiscal Year to the Signatory Airlines as part of the annual reconciliation. Airport Authority shall use any Coverage Charges that remain available for use after the year-end reconciliation to either (1) reduce the amount of Bonds outstanding in the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers and Indirect Cost Centers to the extent allocable to the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers in a subsequent Fiscal Year or (2) make a supplemental deposit to the Major Maintenance Fund.

Use of Cash, Cash Equivalents, and Investments Above 600 Days' Cash on Hand. After the completion of an audit of Airport Authority's Financial Statements for each Fiscal Year, Airport Authority shall determine Days' Cash on Hand as follows:

(a) As provided in Airport Authority's Audited Financial Statements, the sum of the following three lines under "Cash, Cash Equivalents, and Investments:" (1) Unrestricted and Undesignated, (2) Designated for specific capital projects and other Commitments, and (3) Bonds Reserves; *minus*

(b) As provided in Airport Authority's Audited Financial Statements, the balance in the Major Maintenance Fund; *divided by*

(c) As provided in Airport Authority's Audited Financial Statements, O&M Expenses; *times*

(d) 365 days.

Days' Cash on Hand shall be reported on an annual basis to the Signatory Airlines as part of the year-end reconciliation. Any Days' Cash on Hand above 600 days at the time of the year-end reconciliation shall be used by Airport Authority to either (1) reduce the amount of Bonds outstanding in a subsequent Fiscal Year or (2) fund future Capital Projects.

Smoothing of Airline Rents, Fees, and Charges using Passenger Facility Charges. Subject to the provisions of the Airline Lease Agreement, Airport Authority and Airline agree to set aside \$30,000,000 annually in previously FAA-approved Passenger Facility Charges for the three full Fiscal Years prior to the DBO of new Terminal facilities to be constructed in the ADP. These accumulated Passenger Facility

Charges shall be used, in accordance with FAA's previous approval, to pay Debt Service in the Terminal Area in the three full Fiscal Years starting with the DBO of new Terminal facilities to be constructed in the ADP. Airline acknowledges that this section governs only the timing of deploying PFCs and that Airline shall have no right whatsoever to determine which Capital Projects Airport Authority shall fund with Passenger Facility Charges or any other rights with respect to Airport Authority's use of PFCs. Airport Authority shall consult with the Signatory Airlines on an annual basis regarding the use of Passenger Facility Charges, and Airport Authority may adjust the schedule in its sole discretion.

Cost Centers. To allocate the O&M Expenses, Annual Net Debt Service, Amortization Charges, Reserve Deposits, and Major Maintenance Fund Deposits, the following Cost Centers shall be utilized by Airport Authority:

Direct Cost Centers. Airfield Area, Terminal Area, Common Use Systems, Airline Terminal Support, Landside Area and Ancillary.

Indirect Cost Centers. Airport Access, General and Administrative, and allocations of O&M Expenses, Annual Net Debt Service, and Amortization Charges, if any, in Airport Authority departments not otherwise assigned to Direct Cost Centers.

To calculate Airline Rents, Fees, and Charges, Airport Authority shall account for and allocate annual O&M Expenses, Annual Net Debt Service, and Amortization Charges for the Indirect Cost Centers to Direct Cost Centers as set forth in the Airline Lease Agreement.

Landing Fee. Airline shall pay Landing Fees for its use of the Airfield Area based on its Maximum Gross Landed Weight at the Airport during the Fiscal Year. The Landing Fee effective July 1st of each Fiscal Year shall be determined according to the rate-setting method set forth below.

Airfield Area Requirement. The Airport Authority shall calculate the Airfield Area Requirement as the sum of the following for each Fiscal Year:

- (a) the sum of O&M Expenses, Annual Net Debt Service, Amortization Charges, Reserve Deposits, Coverage Charges, Major Maintenance Fund Deposits and Bad Debt Expenses allocable to the Airfield Area; *plus*
- (b) Fuel System Costs, if any; *minus*
- (c) The sum of fuel flowage fee revenue, fingerprinting revenue, ground handling concession revenue, 70% of inflight catering revenue, and any federal, State, or local grants that are allocable to the Airfield Area.

Landing Fee Rate. Airport Authority shall calculate the Landing Fee Rate for each Fiscal Year by first subtracting the sum of (i) Non-Signatory Landing Fees, (ii) Aircraft Parking Position Rentals, (iii) Aircraft Parking Position Turn Fees and (iv) Aircraft Parking Position Overnight Fees collected by the Airport Authority from the Airfield Area Requirement and then dividing by the cumulative Maximum Gross Landed Weight of the Signatory Airlines for the Fiscal Year.

Aircraft Parking Position Rentals and Fees. Airline shall pay Aircraft Parking Position Rentals, Aircraft Parking Position Turn Fees, and Aircraft Parking Position Overnight Fees for its use of Aircraft Parking Positions as set forth below.

Aircraft Parking Position Rental Rate. For (a) Terminal Parking Positions associated with a Preferential Use Gate and (b) Cargo Parking Positions, Airport Authority shall calculate the Aircraft Parking Position Rental Rate effective July 1st of each Fiscal Year as follows:

- (a) Twenty percent of the Airfield Area Requirement; *minus*
- (b) Aircraft Parking Position Turn Fees and Aircraft Parking Position Overnight Fees collected from Non-Signatory Airlines; *divided by*
- (c) The sum of (i) the total number of Remote Parking Positions divided by three; (ii) the total number of Terminal Parking Positions; and (iii) the total number of Cargo Parking Positions.

Aircraft Parking Position Turn Fees. For each Operation utilizing a Terminal Parking Position associated with either a Common Use Gate, an accommodation of a Gate Requesting Airline on a Preferential Use Gate or a Cargo Parking Position, Cargo Carrier Operation on a Remote Parking Position, and an accommodation of a Cargo Carrier on another Cargo Carrier's Cargo Parking Position, Airline shall pay an Aircraft Parking Position Turn Fee for its use of the Terminal Parking Position, Cargo Parking Position, or Remote Parking Position. Airport Authority shall calculate the Aircraft Parking Position Turn Fee effective July 1st of each Fiscal Year as follows:

- (a) The sum of (i) the total number of Remote Parking Positions divided by three; and (ii) the total number of Terminal Parking Positions associated with a Common Use Gate; *times*
- (b) Aircraft Parking Position Rental Rate; *divided by*
- (c) For the Fiscal Year for Signatory Airlines, the sum of (i) the total number of Operations at (a) Terminal Parking Positions associated with Common Use Gates, (b) accommodations of Gate Requesting Airlines on Preferential Use Gates, (c) accommodations of Gate Requesting Airlines on Cargo Parking Positions, (d) Cargo Carrier operations on Remote Parking Positions, and (e) accommodations of Cargo Carriers on another Cargo Carrier's Cargo Parking Position, and (ii) the total number of Operations parking overnight at (a) Remote Parking Positions, (b) Terminal Parking Positions associated with Common Use Gates, (c) Terminal Parking Positions associated with accommodations of Gate Requesting Airlines on Preferential Use Gates and (d) Cargo Parking Positions associated with Passenger Carrier operations multiplied by three.

Aircraft Parking Position Overnight Fees. For each Operation parking overnight at Remote Parking Positions, Terminal Parking Positions associated with Common Use Gates, accommodations on Terminal Parking Positions associated with Preferential Use Gates and accommodations on Cargo Parking Positions, Airline shall pay an Aircraft Parking Position Overnight Fee equal to three times the Aircraft Parking Position Turn Fee.

Cap on Aircraft Parking Position Fees. Notwithstanding the foregoing, for any individual Gate, Airline shall not pay more in cumulative Aircraft Parking Position Turn Fees and Overnight Fees than the Aircraft Parking Position Rental Rate for its use of any single, individual Aircraft Parking Position during a Fiscal Year. Such cap on Aircraft Parking Position Fees shall not apply to Non-Signatory Airlines.

Terminal Rental Rate. Airline shall pay rent for Exclusive Use Premises, Joint Use Charges and Common Use Fees for its use of the Terminal Area based on the Terminal Rental Rate. The Terminal

Rental Rate effective July 1st of each Fiscal Year shall be determined according to the rate-setting method set forth below.

Base Terminal Area Requirement. Airport Authority shall calculate the Base Terminal Area Requirement as the sum of the following for each Fiscal Year:

- (a) Sum of the O&M Expenses, Annual Net Debt Service, Amortization Charges, and Reserve Deposits allocable to the Terminal Area; *minus*
- (b) FIS fee revenue and any federal, State, or local grants received to offset O&M Expenses, Annual Net Debt Service, or Reserve Deposits allocable to the Terminal Area.

Base Terminal Area Rental Rate. Airport Authority shall calculate the Base Terminal Area Rental Rate by dividing the Base Terminal Requirement by the square footage of the Leasable Premises.

Supplemental Terminal Rental Rate. Airport Authority shall calculate the Supplemental Terminal Rental Rate by dividing the sum of Coverage Charges, Major Maintenance Fund Deposits and Bad Debt Expenses allocable to the Terminal Area by the square footage of Airline Leased Premises.

Terminal Rental Rate. Airport Authority shall calculate the Terminal Rental Rate as the sum of the Base Terminal Rental Rate and the Supplemental Terminal Rental Rate.

Rent for Exclusive Use Premises. Airline shall pay rent to Airport Authority for any Temporary Space within its Exclusive Use Premises by multiplying the Non-Signatory Terminal Rental Rate by the total square footage of its Temporary Space within its Exclusive Use Premises in Airline's Premises Notice. Airline shall pay rent to Airport Authority for the remainder of its Exclusive Use Premises by multiplying the Terminal Rental Rate by the square footage of the remainder of its Exclusive Use Premises in Airline's Premises Notice.

Joint Use Charges. Airline shall pay Airport Authority Joint Use Charges for its use of Joint Use Premises and Airline Terminal Support. The Joint Use Charges effective July 1st of each Fiscal Year shall be determined according to the rate-setting method set forth below.

Joint Use Requirement. Airport Authority shall calculate Joint Use Requirement as follows:

- (a) the Terminal Rental Rate multiplied by the total square footage of the Joint Use Premises; *plus*
- (b) after the DBO of new Terminal facilities to be constructed in the ADP, the Terminal Rental Rate multiplied by the total square footage of the Shared Use Premises; *plus*
- (c) the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to Airline Terminal Support; *minus*
- (d) rental payments received for Unenclosed Operations Premises.

Joint Use Charges – 10% Share. Airport Authority shall calculate the Joint Use Charges – 10% Share in the following manner:

- (a) Ten percent of the Joint Use Requirement; *minus*

(b) Any Non-Signatory Airline Joint Use Charges – 10% Share collected pursuant to the last paragraph under this caption “Joint Use Charges – 10% Share”; *minus*

(c) The number of Signatory Airlines, excluding Cargo Carriers, with 1% or less of the Enplaned Passengers at the Airport in such Fiscal Year multiplied by 0.2% of the Joint Use Requirement, *divided by*

(d) The number of Signatory Airlines, excluding Cargo Carriers, with more than 1% of the Enplaned Passengers at the Airport in such Fiscal Year. Each Signatory Airline and its approved Affiliate(s) will be treated as a single entity for purposes of determining the Airline’s portion of the 10% share.

For Signatory Airlines with more than 1% of the Enplaned Passengers at the Airport for such Fiscal Year, the Joint Use Charges – 10% Share be the amount calculated under (a) through (d) above.

For Signatory Airlines with 1% or less of the Enplaned Passengers at the Airport for such Fiscal Year, the Joint Use Charges – 10% Share shall be the Joint Use Requirement multiplied by 0.2%.

Non-Signatory Airlines, excluding Cargo Carriers, with more than 1% of the Enplaned Passengers at the Airport for such Fiscal Year, shall pay Joint Use Charges – 10% Share in the amount calculated under (a) through (d) above times 120%. Non-Signatory Airlines, excluding Cargo Carriers, with 1% or less of the Enplaned Passengers at the Airport for such Fiscal Year, shall pay Joint Use Charges – 10% Share in the amount calculated pursuant to the prior paragraph times 120%.

Joint Use Charges – 90% Share. Airport Authority shall calculate the Joint Use Charges – 90% Share in the following manner:

(a) The remaining 90% of the Joint Use Requirement; *minus*

(b) Any Non-Signatory Airline Joint Use Charges – 90% Share; *divided by*

(c) Total Signatory Airline Enplaned Passengers.

Common Use Fees. Airline shall pay Airport Authority Common Use Fees for its use of Common Use Premises and Common Use Systems. The Common Use Fee effective July 1st of each Fiscal Year shall be determined according to the rate-setting method set forth below.

The Airport Authority shall calculate the Common Use Fee by:

(a) Multiplying the Terminal Rental Rate by the total square footage of the Common Use Premises; *plus*

(b) Sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to the Common Use Systems; *minus*

(c) Sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to Signatory Airlines excluded from paying Common Use Fees in accordance with the following paragraph ; *minus*

(d) Non-Signatory Common Use Fees; *divided by*

- (e) Total Signatory Airline Enplaned Passengers in Common Use System equipped terminals.

Any Signatory Airline that uses only Exclusive Use Ticket Counters during a Fiscal Year shall be excluded from Common Use Fees but shall pay the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to their use of Common Use Systems.

Notwithstanding anything to the contrary in the Airline Lease Agreement, if future Common Use System configurations allow, the Airport Authority may, after consultation with the Signatory Airlines at a AAAC meeting, modify the methodology for determining Common Use Fees to a per-use charge based on time or frequency of use. Any such modification may be made without amendment or supplement to the Airline Lease Agreement.

Rent for Shared Use Premises. Prior to the DBO of new Terminal facilities to be constructed in the ADP, Airline shall be assigned a pro-rata share of the square footage of the Shared Use Premises as set forth in the Airline Lease Agreement for each Fiscal Year on the following basis for each individual Shared Use Premises area:

- (a) The square footage of the individual Shared Use Premises area; *divided by*
- (b) The total Enplaned Passengers of Passenger Carriers assigned to the individual Shared Use Premises area; *multiplied by*
- (c) Airline's total Enplaned Passengers.

For each Fiscal Year, Airline shall pay rent to Airport Authority for its assigned Shared Use Premises by multiplying the Terminal Rental Rate by the square footage of its assigned pro-rata share of Shared Use Premises in Airline's Premises Notice. After the DBO of new Terminal facilities to be constructed in the ADP, Shared Use Premises shall be incorporated into the Joint Use Fees.

Other Fees and Charges.

FIS Fees. For each Fiscal Year, Airport Authority shall charge for use of its FIS Facilities an amount equal to \$10 per each seat on an arriving aircraft using the FIS Facilities. The President/CEO or a representative appointed by the President/CEO may make adjustments to this charge on a semi-annual basis. The Signatory Airline and Non-Signatory Airline FIS Fee shall be the same.

Unenclosed Operations Premises. Unenclosed Operations Premises shall be charged \$12 per square foot per Fiscal Year. The President/CEO or a representative appointed by the President/CEO may make adjustments to this charge on a semi-annual basis based on increases in the Consumer Price Index.

Non-Signatory Airline Rates, Fees, and Charges. The Airline Rates, Fees, and Charges in the Airline Lease Agreement apply to Signatory Airlines. Non-Signatory Airline Rates, Fees, and Charges shall be 120% of the Airline Rates, Fees, and Charges, except the FIS Fees, which are established as described above. The Non-Signatory Airline Terminal Rental Rate shall apply to any Temporary Space leased by a Signatory Airline.

Payments

Landing Fees. Airline agrees to pay monthly Landing Fees in an amount equal to the Landing Fee Rate multiplied by the Airline's Maximum Gross Landing Weight for such monthly period. Landing Fees

shall be due and payable on or before the 15th day of each month for the prior month during the term of the Airline Lease Agreement, without invoice, deduction, or setoff, accompanied by an accurate, verifiable activity report on such form as Airport Authority may provide.

Aircraft Parking Position Rentals and Fees.

Aircraft Parking Position Rentals. For Terminal Parking Positions associated with a Preferential Use Gate or Cargo Parking Positions, Airline agrees to pay each month 1/12th of the Aircraft Parking Position Rental Rate for each Terminal Parking Position and Cargo Parking Position assigned to Airline. Aircraft Parking Position Rentals shall be due and payable on or before the tenth day of each month during the term of the Airline Lease Agreement, in advance, without invoice, deduction, or setoff.

Aircraft Parking Position Turn Fees. Airline agrees to pay monthly Aircraft Parking Position Turn Fees in an amount equal to the Aircraft Parking Position Turn Fee multiplied by the number of Airline's Operations at Terminal Parking Positions associated with Common Use Gates and Terminal Parking Positions associated with accommodations of Gate Requesting Airlines on Preferential Use Gates and Cargo Carrier operations on Remote Parking Positions. Aircraft Parking Position Turn Fees shall be due and payable on or before the 15th day of each month for the prior month during the term of the Airline Lease Agreement, without invoice, deduction, or setoff, accompanied by an accurate, verifiable activity report on such form as Airport Authority may provide. Airport Authority reserves the right to require Airline to utilize an electronic system for the transmittal of said reports.

Aircraft Parking Position Overnight Fees. Airline agrees to pay monthly Aircraft Parking Position Overnight Fees in an amount equal to the Aircraft Parking Position Overnight Fee multiplied by the number of the Airline's Operations parking overnight at Remote Parking Positions and Terminal Parking Positions associated with Common Use Gates, Terminal Parking Positions associated with accommodations on Preferential Use Gates and Cargo Parking Positions associated with Passenger Carrier operations. Aircraft Parking Position Overnight Fees shall be due and payable on or before the 15th day of each month for the prior month during the term of the Airline Lease Agreement, without invoice, deduction, or setoff, accompanied by an accurate, verifiable activity report on such form as Airport Authority may provide. Airport Authority reserves the right to require Airline to utilize an electronic system for the transmittal of said reports.

Terminal Rentals.

Exclusive Use and Shared Use Premises. Airline agrees to pay each month 1/12th of the Terminal Rental Rate for each square foot of Exclusive Use Premises, excluding Temporary Space, and the pro-rata share of Shared Use Premises assigned to Airline. Airline agrees to pay each month 1/12th of the Non-Signatory Terminal Rental Rate for each square foot of Temporary Space in its Exclusive Use Premises assigned to Airline. Exclusive Use Premises rent and Shared Use Premises rent shall be due and payable on or before the tenth day of each month during the term of the Airline Lease Agreement, in advance, without invoice, deduction, or setoff.

Joint Use Premises – 10% Share.

(a) If Airline is a Signatory Airline with more than one percent of the Enplaned Passengers at the Airport for such Fiscal Year, Airline agrees to pay each month 1/12th of the applicable Joint Use Premises – 10% Share. Any such payments shall be due and payable on or before the tenth day of each month during the term of the Airline Lease Agreement, in advance, without invoice, deduction, or setoff.

(b) If Airline is a Signatory Airline with one percent or less of the Enplaned Passengers at the Airport for such Fiscal Year, Airline agrees to pay each month 1/12th of the applicable Joint Use Premises – 10% Share. Any such payments shall be due and payable on or before the tenth day of each month during the term of the Airline Lease Agreement, in advance, without invoice, deduction, or setoff.

Joint Use Premises – 90% Share. Airline agrees to pay monthly Joint Use Premises – 90% Share in an amount equal to the Joint Use Premises – 90% Share Fee multiplied by the Airline's Enplaned Passengers in such monthly period. Joint Use Premises – 90% Share shall be due and payable on or before the 15th day of each month for the prior month during the term of the Airline Lease Agreement, without invoice, deduction, or setoff, accompanied by an accurate, verifiable activity report on such form as Airport Authority may provide. Airport Authority reserves the right to require Airline to utilize an electronic system for the transmittal of said reports.

Common Use Fees. Airline agrees to pay monthly Common Use Fees in an amount equal to the Common Use Fee multiplied by the Airline's Enplaned Passengers in such monthly period. Common Use Fees shall be due and payable on or before the 15th day of each month for the prior month during the term of the Airline Lease Agreement, without invoice, deduction, or setoff, accompanied by an accurate, verifiable activity report on such form as Airport Authority may provide. Any Passenger Carrier that uses only Exclusive Use Ticket Counters throughout a Fiscal Year shall be excluded from Common Use Fees; if such a Passenger Carrier utilizes Common Use Ticket Counters for part of a Fiscal Year, it will be excluded from Common Use fees for a prorated portion of the Fiscal Year. Airport Authority reserves the right to require Airline to utilize an electronic system for the transmittal of said reports.

Other Fees and Charges. Airline agrees to pay monthly FIS Fees in an amount equal to the FIS Fee multiplied by the Airline's number of passenger seats on arriving aircraft using the FIS Facilities for such monthly period. FIS Fees shall be due and payable on or before the 15th day of each month for the prior month during the Term, without invoice, deduction, or setoff, accompanied by an accurate, verifiable activity report on such form as Airport Authority may provide. Unenclosed Operations Premises rentals shall be due and payable on or before the tenth day of each month during the Term, in advance, without invoice, deduction, or setoff.

Review of Off-Airport Public Transportation Projects

Off-Airport Public Transportation Projects. Airline acknowledges that, during the Term, Airport Authority may undertake or provide funding for one or more Off-Airport Public Transportation Projects. Airline and Airport Authority agree that addressing public transportation issues related to the Airport is an important goal and that such projects may require funding from Airport Authority. However, as of the Effective Date, the number and scope of any Off-Airport Public Transportation Projects is not known. Due to this uncertainty and the potentially significant impact of Off-Airport Public Transportation Projects on Airline's costs of operating at the Airport, Airline has requested the right to review the Airport Authority's funding of Off-Airport Public Transportation Projects that exceeds certain cost thresholds. In order to address the cost concerns of Airline, Airport Authority and Airline agree to the process set forth in this section for the funding of Off-Airport Public Transportation Projects by the Airport Authority. The Signatory Airlines have committed to pre-approve, in aggregate, an estimated \$515,000,000 in funding for Off-Airport Public Transportation Projects, subject to certain conditions.

Pre-Approved Funding. Airport Authority shall have the right, without any review or any other limitation imposed by the Signatory Airlines, to fund the full, actual costs of a new limited access in-bound roadway on the Airport that will connect with North Harbor Drive at approximately Laurel Street and allow

vehicles to access both Terminals (the “Inbound Roadway Project”). The Inbound Roadway Project is currently estimated to cost \$165,000,000, but the full, actual costs may exceed that estimate.

In addition to funding the Inbound Roadway Project, Airport Authority shall have the right, without any review or any other limitation imposed by the Signatory Airlines, to provide up to \$75,000,000 in funding for Off-Airport Public Transportation Projects during the Term.

In addition to the funding described in the two prior paragraphs, Airport Authority shall have the right, without any review or any other limitation imposed by the Signatory Airlines, to provide up to an additional \$125,000,000 in funding for Off-Airport Public Transportation Projects during the Term, but only if non-Airport Authority funding of at least \$200,000,000 for the Off-Airport Public Transportation Projects has been secured through legally binding commitments from third-parties.

In addition to the funding available in the three prior paragraphs, Airport Authority shall have the right, without any review or any other limitation imposed by the Signatory Airlines, to provide up to an additional \$150,000,000 in funding for Off-Airport Public Transportation Projects during the Term, but only if additional non-Airport Authority funding of at least \$150,000,000, at \$350,000,000 in aggregate, for the Off-Airport Public Transportation Projects has been secured through legally binding commitments from third-parties.

As provided by 49 U.S.C. § 40117(f), no Capital Project shall be subject to Majority-in-Interest voting or approval to the extent such Capital Project is financed by PFCs or PFC-backed bonds.

All amounts of funding provided by Airport Authority under this section shall be net of CFCs and federal and state transportation grants.

Majority-in-Interest Review. Any funding of Off-Airport Public Transportation Projects in excess of the pre-approved amounts described above shall be subject to the Majority-in-Interest review procedures described below.

Airport Authority shall submit a written proposal to the Signatory Airlines describing the Off-Airport Public Transportation Projects, the estimated cost of the Off-Airport Public Transportation Projects, the amount of the funding anticipated from Airport Authority, the amount of anticipated funding from third-parties and the estimated project schedule.

Airport Authority may proceed with the proposed funding of Off-Airport Public Transportation Projects that are subject to review under this section unless Airport Authority is notified in writing by the chair of the AAAC within 30 days of delivery of Airport Authority’s proposal that a Majority-in-Interest has disapproved Airport Authority’s proposal. Such written notification to Airport Authority shall include the written disapproval of each Signatory Airline that disapproved the proposal.

Cost Allocation. All funding provided by Airport Authority for Off-Airport Public Transportation Projects shall be allocated to the Airport Access Cost Center.

Limitation on Majority-in-Interest Review. Airline shall have no right to review or approve any Capital Projects other than Off-Airport Public Transportation Projects.

Damage or Destruction of Premises

Damage or Destruction of Airport Authority Constructed Improvements. In the event of damage to, or destruction by fire, the elements, acts of God, or any other cause of Airport Authority-constructed

improvements at Airport which materially impacts Airport operations, Airport Authority shall have the option, in its reasonable discretion, and shall within 90 days, following the date of such damage, provide Airline written notice of Airport Authority's election, to commence reconstruction of the damaged improvements and prosecute the same diligently to completion, in which event the Airline Lease Agreement shall continue in full force and effect, and Airline Rents, Fees and Charges for all or the portion of the Premises rendered untenable shall be abated until such repairs are complete and the Premises or the portion thereof deemed untenable are tenantable once again. In the event Airport Authority elects not to perform such reconstruction, the portion of the Premises rendered untenable shall be removed from Airline's Premises and a revised Premises Notice shall be issued to Airline and Airport Authority shall reimburse Airline for any Airline Rents, Fees and Charges paid in advance, if any, for all or a portion of the Premises rendered untenable.

Damage or Destruction of Airline Constructed Improvements. In the event of damage to or destruction by fire, the elements, acts of God, or any other cause, of Airline-constructed improvements located within the Premises or in the event Airline-constructed improvements located within the Premises are declared unsafe or unfit for use or occupancy by a public entity with the authority to make and enforce such declaration, Airline shall, subject to the following paragraph, within 60 days, commence and diligently pursue to completion the repair, replacement, or reconstruction of Airline-constructed improvements necessary to permit full use and occupancy of the Premises for the purposes required by the Airline Lease Agreement.

Repair, replacement or reconstruction of Airline-constructed improvements within the Premises shall be accomplished in a manner and according to plans approved by Airport Authority; provided, however, Airline shall not be obligated to repair, reconstruct, or replace the improvements following their destruction in whole or substantial part except to the extent the loss is covered by insurance required to be carried by Airline pursuant to the Airline Lease Agreement (or would be covered whether or not such required insurance is actually in effect).

Default and Termination

Airline Default. The occurrence of any one or more of the following events shall constitute an Event of Default under the Airline Lease Agreement:

(a) Airline shall become insolvent (as such term is defined under Section 101 of the Federal Bankruptcy Code); or shall fail to pay its debts generally as they mature; or shall take the benefit of any present or future federal or state insolvency statute; or shall make a general assignment for the benefit of creditors.

(b) Airline shall file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement of its indebtedness under the Federal Bankruptcy Code or under any other law or statute of the United States or of any state thereof; or consent to the appointment of a receiver, trustee, custodian, liquidator or other similar official, of all or substantially all of its property; or an order for relief shall be entered by or against Airline under any chapter of the Federal Bankruptcy Code.

(c) By order or decree of a court, Airline shall be adjudged bankrupt or an order shall be made approving a petition filed by any of its creditors or by any of its stockholders, seeking its reorganization or the restructuring of its indebtedness under the Federal Bankruptcy Code or under any other law or statute of the United States or any state thereof and such order or decree shall not be stayed or vacated within 60 days of its issuance.

(d) A petition under any chapter of the Federal Bankruptcy Code or an action under any federal or state insolvency law or statute shall be filed against Airline and shall not be dismissed or stayed within 60 days after the filing thereof.

(e) By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer, a receiver, trustee, custodian, liquidator or other similar official shall take possession or control of all or substantially all of the property of Airline and such possession or control shall continue in effect for a period of 60 days.

(f) Airline shall become a corporation in dissolution.

(g) The letting, license or other interest of or rights of Airline under the Airline Lease Agreement shall be transferred to, pass to or devolve upon, by operation of law or otherwise, any other person, firm, corporation or other entity, by, in connection with or as a result of any bankruptcy, insolvency, trusteeship, liquidation or other proceedings or occurrence described in (a) through (f) above.

(h) Airline shall fail duly and timely to pay any Airline Rents, Fees and Charges, or any other fee or charge due under the Airline Lease Agreement when due to Airport Authority, and such failure shall continue for ten days beyond Airline's receipt of a written notice of such breach or default from the President/CEO. Notwithstanding the foregoing, if there occur two defaults in the payment of Airline Rents, Fees and Charges, or other fee or charge due under the Airline Lease Agreement in any twelve month period, thereafter Airline shall not be entitled to notice of any further payment defaults (i.e., thereafter Airline's failure to pay Airline Rents, Fees and Charges, or other fee or charge due under the Airline Lease Agreement in a timely manner shall be deemed an Event of Default), and Airport Authority shall have no obligation to give such notice.

(i) Airline shall fail duly and timely to remit to Airport Authority PFCs collected by Airline from its passengers in accordance with the PFC Regulations and such failure shall continue for five days beyond Airline's receipt of a written notice from Airport Authority of such breach or default.

(j) There shall occur an assignment or transfer subject to the provisions of the Airline Lease Agreement without Airport Authority's prior written consent and such assignment or transfer is not reversed within ten days after written notice by Airport Authority or Airport Authority consents in writing to the assignment or transfer.

(k) Airline shall abandon the Premises and its conduct of business at the Airport, and in connection with this abandonment, suspend operations for a period of 60 days in the absence of a labor dispute, force majeure event in accordance with the provisions of the Airline Lease Agreement or other governmental action in which Airline is directly involved.

(l) Any lien shall be filed against the Premises as a result of an act or omission of Airline, and shall not be discharged within sixty days after Airline's receipt of notice.

(m) Airline shall fail to obtain and maintain the insurance required by the Airline Lease Agreement, or provide copies of the policies or certificates (including without limitation those related to renewals of such coverages) to Airport Authority as required and, only with respect to providing copies of the policies or certificates, the failure to provide the copies shall continue for

five days beyond Airline's receipt of a written notice from Airport Authority of such breach or default.

(n) Airline shall fail to keep, perform and observe each and every other promise, representation, covenant and agreement set forth in the Airline Lease Agreement, and such failure shall continue for a period of more than ten days after the President/CEO's delivery of written notice of such failure or, if satisfaction of such obligation requires activity over a period of time, if Airline fails to commence the cure of such failure within ten days after Airline's receipt of such notice, or thereafter fails to diligently prosecute such cure, or fails to actually cause such cure within 60 days of the President/CEO's delivery of such notice.

(o) Airline fails to timely pay the Airline Rents, Fees and Charges deferred under the Temporary Deferral of Airline Rents, Fees and Charges In Response to COVID-19 Pandemic.

Airport Authority's Remedies.

General Remedies – Applicable to All Portions of the Premises.

(a) Whenever any Event of Default shall occur (other than a default pursuant to clause (a) under the caption "Airline Default" above upon which termination of the Airline Lease Agreement, at Airport Authority's option, shall be effective immediately without further notice), the Airline Lease Agreement and all of Airline's rights under the Airline Lease Agreement shall terminate if the written notice of default so provides. Airport Authority shall be entitled to recover Termination Damages from Airline, together with interest on all Termination Damages at the rate of 18% per annum, or the maximum rate permitted by Applicable Laws, whichever is lower, from the date such Termination Damages are incurred by Airport Authority.

(b) In addition to Termination Damages, and notwithstanding termination, Airline's liability for Future Charges shall not be extinguished, and Airline agrees that Airport Authority shall be entitled, upon termination for an Event of Default, to collect as additional damages a Rental Deficiency so long as Airport Authority is using commercially reasonable efforts to mitigate its damages; provided, however, that the obligation of Airport Authority to use commercially reasonable efforts to mitigate its damages shall not be construed to require Airport Authority to rent all or any portion of the Premises for a use or to a tenant that is not consistent with the Airline Lease Agreement or Airport Authority's current or future business needs or requirements for the Airport, or to prioritize the renting of all or any portion of the Premises over other space that Airport Authority may have available at the Airport. As used in this section, a "Rental Deficiency" shall mean: an amount or amounts equal to Future Charges less the amount or amounts of rental, if any, that Airport Authority shall actually receive during the remainder of the Term from others to whom the Premises may be rented, in which case such Rental Deficiency shall be computed and payable at Airport Authority's option either: (i) in an accelerated lump sum payment discounted to present value or (ii) in monthly installments, in advance, on the first day of each calendar month following termination of the Agreement, and continuing until the date on which the Term would have expired but for such termination. Any suit or action brought to collect any portion of Rental Deficiency attributable to any particular month or months shall not in any manner prejudice Airport Authority's right to collect any portion of Rental Deficiency by a similar proceeding.

(c) If such Event of Default relates to Airline's Exclusive Use Premises, Airport Authority may re-enter the Exclusive Use Premises upon termination, take exclusive possession of any such Exclusive Use Premises, and remove all persons and property therefrom without Airport Authority being liable to Airline for damage or loss thereby sustained by Airline. Airport Authority

shall be entitled to recover from Airline, in addition to Termination Damages and Rental Deficiency, Additional Termination Damages, together with interest on all Additional Termination Damages at the rate of 18% per annum, or the maximum rate permitted by Applicable Laws, whichever is lower, from the date such Additional Termination Damages are incurred by Airport Authority. Airline shall have no right to or claim upon any improvements that may have been previously installed by Airline in or on the Exclusive Use.

(d) If the Airline Lease Agreement terminates as a result of Airline's default, Airport Authority shall use commercially reasonable efforts (as described paragraph (b) above) to relet the Exclusive Use or any part thereof, alone or together with other Exclusive Use, for such term or terms and for such use or uses as Airport Authority in its sole discretion may determine. Airline's obligations under the Airline Lease Agreement shall not be discharged by reason or failure of Airport Authority to relet the Exclusive Use Premises.

(e) Except as specifically provided in the Airline Lease Agreement, Airport Authority's action pursuant to this section shall not in any way limit Airport Authority in the pursuit of any other additional right or remedy available to Airport Authority in law or in equity by reason of Airline's default.

Termination. The Airline Lease Agreement may be terminated in advance of its Expiration Date in the following events:

(a) If Airport Authority, in its sole discretion, shall require the use of the Premises or any substantial portion thereof for a major capital improvement for public or private use in connection with Airport Authority's business, Airport Authority may terminate the Airline Lease Agreement by written notice delivered or mailed by Airport Authority to Airline not less than one year before the termination date specified in the notice; provided, however, that if the Airline Lease Agreement is terminated under this paragraph (a), Airport Authority shall reimburse Airline for the unamortized costs of any improvements to the Terminal constructed by Airline with Airport Authority's consent during the Term; and provided further that the costs of any such improvements shall be amortized base on generally accepted accounting principles, unless Airport Authority has previously reimbursed Airline for the costs of such improvements; or

(b) If any federal, state or local government, or agency or instrumentality thereof, shall, by condemnation or deed or conveyance in lieu thereof, take title, possession, or the right to possession of the Premises or any substantial portion thereof, Airport Authority may, at its option, terminate the Airline Lease Agreement as of the date of such taking; or

(c) If any court having jurisdiction shall render a decision that has become final and will permanently or for a substantial period of time prevent Airport Authority's performance of any of its material obligations under the Airline Lease Agreement, either party hereto may terminate the Airline Lease Agreement by written notice. This right of termination shall be and remain effective whether or not Airport Authority, by taking affirmative action or by inaction, could have prevented the rendering of the decision, or could have caused the decision to be vacated before it became final.

If the Airline Lease Agreement is terminated under paragraph (a) through (c) above, all rights and obligations of the parties shall terminate (with the exception of (i) any undischarged rights and obligations that accrued prior to the effective date of such termination and (ii) any rights and obligations that the Airline Lease Agreement states shall survive such termination), and if Airline is not in default under the Airline Lease Agreement on the effective date of termination, any Airline Rent, Fees and Charges prepaid by

Airline shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Airline.

Airport Authority's Right to Perform. All agreements and obligations to be performed by Airline under the Airline Lease Agreement shall be at Airline's sole cost and expense and without any abatement of Airline Rent, Fees and Charges. If Airline shall fail to make any payment or perform any act required to be performed under the Airline Lease Agreement, and such failure shall continue for ten days after Airport Authority's notice thereof, Airport Authority may, but shall not be obligated to, and without waiving or releasing Airline from any of its obligations, make any such payment or perform any such act on Airline's behalf. All sums so paid by Airport Authority and all necessary incidental costs shall be deemed additional Airline Rent, Fees and Charges under the Airline Lease Agreement, payable to Airport Authority on demand, and Airport Authority shall have (in addition to any other right or remedy of Airport Authority) the same rights and remedies in the event of the nonpayment thereof by Airline as in the case of Airline's default in the payment of Airline Rent, Fees and Charges.

Airline's Rights Related to Termination. In the event of any termination based on any breach by Airline of the covenants, terms and conditions contained in the Airline Lease Agreement, all of Airline's rights, powers and privileges under the Airline Lease Agreement shall cease, and Airline shall immediately vacate any portions of the Premises it occupies under the Airline Lease Agreement. Airline shall have no claim of any kind whatsoever against Airport Authority by reason of such termination, or by reason of any act by Airport Authority related to such termination.

Bankruptcy. In no event shall the Airline Lease Agreement or any rights or privileges under the Airline Lease Agreement be an asset of Airline under any bankruptcy, insolvency or reorganization proceedings. To the extent consistent with and permitted under the United States Bankruptcy Code or similar debtor relief laws, if Airline seeks protection under the United States Bankruptcy Code or similar debtor relief laws, or is currently operating under the protection of the United States Bankruptcy Code or other similar debtor relief laws, Airline will comply with every provision of the Airline Lease Agreement as and when required under the Airline Lease Agreement, including without limitation performing any required remediation relating to any environmental matter pursuant to Airline's obligations under Article 23 which arose prior to or arises during the course of Airline's bankruptcy case. No Air Carrier will be allowed to assume the Airline Lease Agreement without performing any required remediation as part of the cure of any Event of Default under the Airline Lease Agreement.

Surrender of Possession; Holding Over

Surrender. Airline covenants and agrees to surrender possession of the Premises or a portion of the Premises, as applicable, upon (a) termination of the Airline Lease Agreement; (b) partial termination of Premises under the provisions of the Airline Lease Agreement; (c) the effective date of Airport Authority's relocation, reallocation or recapture of all or any portion of the Premises under the provisions of the Airline Lease Agreement; (d) termination of any holdover period; or (e) expiration of the Term in as good condition as on the Effective Date (or in the case of improvements or alterations made or fixtures installed subsequent thereto, then as of the date of such improvements, alterations, or fixtures were made or installed), reasonable wear and tear, and damage from casualty as described the Airline Lease Agreement resulting in the termination or partial termination of the Airline Lease Agreement, and repairs that are the responsibility of Airport Authority, excepted. No act or thing done by Airport Authority during the Term shall be deemed acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid, unless in writing and signed by Airport Authority.

Holding Over. In the event Airline holds over its tenancy of all or any portion of the Premises beyond the expiration date of the Airline Lease Agreement with Airport Authority's approval, the Airline

Lease Agreement shall be deemed to be a month-to-month tenancy, terminable on thirty days' written notice given at any time by either party. During any month-to-month tenancy, Airline shall pay all Airline Rents, Fees and Charges required by the Airline Lease Agreement which shall be paid in accordance with the most current rent and landing fees schedules. All provisions of the Airline Lease Agreement shall apply to the month-to-month tenancy.

Miscellaneous Provisions

Taxes. The Airline Lease Agreement may result in or create a taxable possessory interest and be subject to the payment of property taxes.

Airline shall be liable for, and shall pay throughout the Term, all taxes payable for, or on account of: (a) the activities conducted by Airline on the Airport; (b) all taxes, if any, on the personal property of Airline on or at the Premises; (c) taxes, if any, on any property interest of Airline in the Premises created by the Airline Lease Agreement; (d) any taxes levied in lieu of a tax on any such property interest; and (e) any sales, use, or other taxes levied on, or measured by, the Airline Rent, Fees and Charges and any other fees and charges payable under the Airline Lease Agreement, whether imposed on Airline or on Airport Authority.

Airline shall reimburse Airport Authority for all such taxes paid or payable by Airport Authority. With respect to any such taxes payable by Airport Authority that are levied on, or measured by, the Airline Rent, Fees and Charges or any other fees or charges payable under the Airline Lease Agreement, Airline shall pay to Airport Authority with each payment an amount equal to the tax levied on, or measured by, that particular payment. All other tax amounts for which Airport Authority is or will be entitled to reimbursement from Airline shall be payable by Airline to Airport Authority at least 15 days prior to the due dates of the respective tax amounts involved; provided that Airline shall be entitled to a minimum of ten days' written notice of the amounts payable by Airline.

Airline may contest, in its own name or the name of Airport Authority, the validity or amount of any tax it shall be required to pay to a taxing entity; provided, however, that Airline shall defend, indemnify and hold Airport Authority harmless from all liability and expense arising from such contest, which obligations shall survive expiration or earlier termination of the Airline Lease Agreement and shall provide security satisfactory to Airport Authority for its performance of such indemnification obligation. Airline shall not permit a lien or encumbrance to attach to the Premises or the Airport by reason of any failure to pay taxes.

Liens and Encumbrances. Airline shall keep the Premises free and clear of any liens and encumbrances arising or growing out of Airline's use and occupancy of the Premises or activities at the Airport. Airline agrees that it will at all times indemnify, defend and hold harmless Airport Authority from and against all claims, encumbrances, stop notices, levies and liens ("Indemnified Lien Claims") for labor, services, or materials in connection with improvements, repairs, or alterations made by Airline or its subtenants, contractors, and agents on the Premises, and for the costs of defending against such claims, including reasonable attorney's fees and court costs. The indemnification and other obligations under this section shall survive expiration or earlier termination of the Airline Lease Agreement.

In the event that any Indemnified Lien Claim caused by Airline or its subtenants, contractors, and agents, is filed against the Premises or the leasehold interests of Airline therein, Airline shall, upon written request of Airport Authority, make immediate payment in full of all claims upon which said claim has been filed. In the event Airline contests the Indemnified Lien Claim, Airline shall deposit with Airport Authority a bond conditioned for the payment in full of all claims upon which said claim has been filed. Such surety bond shall be acknowledged by Airline as principal and by a corporation, licensed by the Insurance

Commissioner of the State of California to transact the business of a fidelity and surety insurance company, as surety. Airport Authority shall have the right to declare the Airline Lease Agreement in default in the event the bond required by this Article has not been deposited with Airport Authority within ten days after written request has been delivered to Airline.

This provision shall not apply to a foreclosure of a trust deed or mortgage encumbering the leasehold if it has been consented to by Airport Authority as provided in the Airline Lease Agreement.

Depreciation and Investment Credit. Neither Airline nor any successor of Airline under the Airline Lease Agreement may claim depreciation or an investment credit under the Internal Revenue Code of 1954, as amended, with respect to Airport Authority-owned improvements in the Premises, the Terminal or other leased facilities. Airline represents that it has made an election under Proposed Treasury Regulations §1.103(n)-1T through §1.103(n)-6T not to claim such depreciation or investment credit with respect to such Airport Authority-owned improvements in the Premises or other leased facilities and agrees that it will retain copies of said election in its records. Airport Authority acknowledges receipt of a copy of said election and agrees that it will retain copies of said election in its records.

SEC Rule 15c2-12. Airline, upon Airport Authority's request, shall provide to Airport Authority such information as Airport Authority may reasonably request in writing to comply with Airport Authority's continuing disclosure requirements under SEC Rule 15c2-12, as it may be amended from time to time, provided, however, that Airline may, in lieu of providing the requested information, direct Airport Authority to an Airline or SEC website where the requested information is then currently available.

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APPENDIX E

PROPOSED FORM OF BOND COUNSEL'S OPINION

Upon issuance of the Senior Series 2025 Bonds, Kutak Rock LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Closing Date]

San Diego County Regional Airport Authority
San Diego, California

\$155,815,000
San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2025A
(Governmental/Non-AMT)

\$628,635,000
San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2025B
(Private Activity/AMT)

Ladies and Gentlemen:

We have acted as Bond Counsel to the San Diego County Regional Airport Authority (the "Authority") in connection with the Authority's issuance and sale of (a) \$155,815,000 aggregate principal amount of its San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the "Senior Series 2025A Bonds"), and (b) \$628,635,000 aggregate principal amount of its San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the "Senior Series 2025B Bonds," and together with the Senior Series 2025A Bonds, the "Senior Series 2025 Bonds"). The Senior Series 2025 Bonds are being issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "Act"); the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the California Government Code), excluding Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in subdivision (b) of Section 54402 of the California Government Code, which will not apply to the issuance and sale of bonds pursuant to the Act (collectively, the "Revenue Bond Law"); the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Senior Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee (the "Senior Trustee"); and the Sixth Supplemental Trust Indenture, dated as of July 1, 2025 (the "Sixth Supplemental Senior Indenture," and collectively with the Master Senior Indenture and all supplements thereto, the "Senior Indenture"), by and between the Authority and the Senior Trustee. Issuance of the Senior Series 2025 Bonds has been authorized by Resolution No. 2025-0043 adopted by the board of directors of the Authority on June 5, 2025 (the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Senior.

In connection with the issuance of the Senior Series 2025 Bonds, we have examined: (a) the Act and the Revenue Bond Law; (b) a certified copy of the Resolution; (c) executed copies of the Master Senior Indenture and the Sixth Supplemental Senior Indenture; (d) an executed copy of the Tax Compliance Certificate, dated July 9, 2025, relating to the Senior Series 2025 Bonds and other matters (the "Tax Certificate"); (e) certifications of the Authority, the Senior Trustee, BofA Securities, Inc., as representative

of the underwriters of the Senior Series 2025 Bonds (the “Underwriters”), and others; (f) opinions of the Authority’s General Counsel, counsel to the Senior Trustee and counsel to the Underwriters; and (g) such other documents as we deemed relevant and necessary in rendering the opinions set forth herein. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and the validity against, any parties, other than the Authority, thereto. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in this paragraph.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We call attention to the fact that the obligations of the Authority, the security provided therefor, as contained in the Senior Series 2025 Bonds and the Senior Indenture, may be subject to general principles of equity which permit the exercise of judicial discretion, and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect, and to the limitations on legal remedies against governmental agencies similar to the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the Senior Series 2025 Bonds or the Senior Indenture. We have not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement dated June 17, 2025, or any other offering material relating to the Senior Series 2025 Bonds and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Senior Series 2025 Bonds have been duly authorized and all legal conditions precedent to the issuance and delivery of the Senior Series 2025 Bonds have been fulfilled.

2. The Senior Series 2025 Bonds constitute the valid and binding special obligations of the Authority secured by a pledge of and lien upon and are a charge upon and are payable from the Net Revenues and certain funds and accounts held by the Senior Trustee under the Senior Indenture.

3. The Master Senior Indenture and the Sixth Supplemental Senior Indenture have been duly authorized, executed and delivered by the Authority and, assuming the due authorization, execution and delivery by the Senior Trustee, constitute the valid and binding obligations of the Authority, enforceable against the Authority in accordance with their terms. The Senior Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Senior Series 2025 Bonds, of the Net Revenues and certain funds and accounts held by the Senior Trustee under the Senior Indenture, subject to the provisions of the Senior Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

4. The Senior Series 2025 Bonds are not general obligations of the Authority. Neither the full faith and credit nor the taxing power of the Authority, the City of San Diego, the County of San Diego, the State of California or any political subdivision or agency of the State of California is pledged to the payment of the principal of and interest on the Senior Series 2025 Bonds. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Senior Series 2025 Bonds.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Senior Series 2025A Bonds is excluded from gross income for federal income tax purposes. Interest on the Senior Series 2025A Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Senior Series 2025A Bonds may affect the federal alternative minimum tax imposed on certain corporations.

6. Under existing laws, regulations, rulings and judicial decisions, interest on the Senior Series 2025B Bonds is excluded from gross income for federal income tax purposes, except that such exclusion does not apply with respect to interest on any Senior Series 2025B Bond for any period during which such Senior Series 2025B Bond is held by a person who is a “substantial user” of the facilities financed by the Senior Series 2025B Bonds or a “related person” to such substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Senior Series 2025B Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Senior Series 2025B Bonds may affect the federal alternative minimum tax imposed on certain corporations.

7. Under existing laws, interest on the Senior Series 2025 Bonds is exempt from present State of California personal income taxes.

The opinions set forth in numbered paragraphs 5 and 6 above regarding the exclusion of interest from gross income of the recipient is subject to continuing compliance by the Authority with covenants regarding federal tax law contained in the Senior Indenture and the Tax Certificate. Failure to comply with such covenants could cause interest on the Senior Series 2025 Bonds to be included in gross income retroactive to the date of issue of the Senior Series 2025 Bonds. Although we are of the opinion that interest on the Senior Series 2025 Bonds is excluded from gross income for federal tax purposes, the accrual or receipt of interest on the Senior Series 2025 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Our engagement with respect to the Senior Series 2025 Bonds has concluded with their issuance, and we disclaim any obligation to update, revise or supplement this opinion letter.

Very truly yours,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Certificate**”) is executed and delivered by the San Diego County Regional Airport Authority (the “**Airport Authority**”) in connection with the issuance of its (a) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the “**Senior Series 2025A Bonds**”), and (b) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the “**Senior Series 2025B Bonds**,” and together with the Senior Series 2025A Bonds, the “**Senior Series 2025 Bonds**”). The Senior Series 2025 Bonds are being issued pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the “**Master Senior Indenture**”), by and between the Airport Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee (the “**Senior Trustee**”), and the Sixth Supplemental Trust Indenture, dated as of July 1, 2025 (the “**Sixth Supplemental Senior Indenture**,” and collectively with the Master Senior Indenture and all supplements thereto, the “**Senior Indenture**”), by and between the Airport Authority and the Senior Trustee. Additionally, the Senior Series 2025 Bonds have been authorized by Resolution No. 2025-0043 adopted by the board of directors of the Airport Authority on June 5, 2025 (the “**Resolution**”). The Senior Series 2025 Bonds are being issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the “**Act**”), and in accordance with Revenue Bond Law of 1941 Chapter 6 (commencing with §54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with §54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in California Government Code §54402(b), which shall not apply to the issuance and sale of bonds pursuant to the Act.

In consideration of the purchase of the Senior Series 2025 Bonds by the Participating Underwriter (as defined below), the Airport Authority covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Airport Authority for the benefit of the Holders and Beneficial Owners of the Senior Series 2025 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Senior Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Airport Authority pursuant to, and as described in, Sections 3 and 4 hereof.

“**Beneficial Owner**” means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Senior Series 2025 Bonds (including persons holding Senior Series 2025 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Senior Series 2025 Bonds for federal income tax purposes.

“**Dissemination Agent**” means the Airport Authority, or any successor Dissemination Agent designated in writing by the Airport Authority and which has filed with the Airport Authority a written acceptance of such designation.

“*EMMA System*” means the MSRB’s Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

“*Financial Obligation*” shall mean, for purposes of the Listed Events set forth in Sections 5(a)(10) and (5)(b)(8) hereof, 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 Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*Holders*” means either the registered owners of the Senior Series 2025 Bonds, or if the Senior Series 2025 Bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

“*Listed Events*” means any of the events listed in Sections 5(a) and 5(b) hereof.

“*MSRB*” means the Municipal Securities Rulemaking Board, or any successor thereto.

“*Obligated Person*” means the Airport Authority and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Revenues of the Airport System for the prior two Fiscal Years of the Airport Authority. At the time of issuance of the Senior Series 2025 Bonds, the Airport Authority is the only Obligated Person.

“*Official Statement*” means the Official Statement, dated June 17, 2025, prepared and distributed in connection with the initial sale of the Senior Series 2025 Bonds.

“*Participating Underwriter*” means any of the original underwriters of the Senior Series 2025 Bonds required to comply with the Rule in connection with the offering of the Senior Series 2025 Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State*” means the State of California.

Section 3. Provision of Annual Reports.

(a) The Airport Authority shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 181 days after the end of the Airport Authority’s fiscal year in each fiscal year. The Airport Authority’s first Annual Report shall be due December 28, 2025. Not later than 15 Business Days prior to said date, the Airport Authority shall provide the Annual Report to the Dissemination Agent (if other than the Airport Authority). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof. The audited financial statements of the Airport Authority may be submitted separately from the balance of the Annual Report if they are not available by the date of submission, provided such financial statements are submitted within 210 days after the end of the Airport Authority’s fiscal year. If the Airport Authority’s fiscal year changes, the Airport Authority, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Airport Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Airport Authority to determine if the Airport Authority is in compliance with subsection (a).

(c) If the Airport Authority is unable to provide to the MSRB or the Dissemination Agent (if other than the Airport Authority), an Annual Report by the date required in subsection (a), the Airport Authority shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (if other than the Airport Authority) shall confirm in writing to the Airport Authority that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The Airport Authority's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Senior Series 2025 Bonds, unless otherwise noted):

(i) Audited financial statements of the Airport Authority, updated to incorporate information for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Airport Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Airport Authority, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(ii) Outstanding principal amounts of the Senior Bonds (including the Senior Series 2025 Bonds and the Senior Series 2023 Bonds) and the Subordinate Obligations (including the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds and the Subordinate Series 2021 Bonds);

(iii) Table 4 — San Diego County Regional Airport Authority, Future Rental Commitments;

(iv) Table 5 — San Diego International Airport, Air Carriers Serving San Diego International Airport;

(v) Table 6 — San Diego International Airport, Total Enplanements and Deplanements;

(vi) Table 7 — San Diego International Airport, Revenue Operations;

(vii) Table 8 — San Diego International Airport, Historical Enplaned and Deplaned Freight and U.S. Mail Cargo;

(viii) Table 9 — San Diego International Airport, Enplanements by Air Carriers;

- (ix) Table 10 — San Diego International Airport, Total Revenue Landed Weight;
- (x) Table 13 — San Diego County Regional Airport Authority, Investments;
- (xi) Table 14 — San Diego County Regional Airport Authority, Statements of Revenues, Expenses and Change in Net Position;
- (xii) Table 15 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Providers;
- (xiii) Table 16 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Sources;
- (xiv) Table 17 — San Diego County Regional Airport Authority, Historical Senior and Subordinate Debt Service Coverage;
- (xv) Table 18 — San Diego International Airport, Airline Derived Revenue Per Passenger;
- (xvi) Table 20 — San Diego County Regional Airport Authority, Approved PFC Applications; and
- (xvii) Table 21 — San Diego County Regional Airport Authority, Annual Receipt of PFCs.

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Airport Authority or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Airport Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Airport Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Senior Series 2025 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions with respect to the tax status of the Senior Series 2025 Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Senior Series 2025A Bonds and/or the Senior Series 2025B Bonds;
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person; or
10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Department, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(b) The Airport Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Senior Series 2025 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Senior Series 2025 Bonds or other material events affecting the tax status of the Senior Series 2025 Bonds;
2. Modifications to rights of the Beneficial Owners or Holders of the Senior Series 2025 Bonds;
3. Optional, unscheduled or contingent bond calls;
4. Release, substitution or sale of property securing repayment of the Senior Series 2025 Bonds;
5. Non-payment related defaults;

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

7. Appointment of a successor or additional trustee or the change of name of a trustee;
or

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

(c) The Airport Authority shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Airport Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Airport Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the Airport Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Airport Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in (b)(3) need not be given under this subsection any earlier than the notice of such event is given to Beneficial Owners and Holders of the affected Senior Series 2025 Bonds pursuant to the Senior Indenture.

(f) The Airport Authority intends to comply with the Listed Events described in Sections 5(a)(10) and 5(b)(8) hereof, and the definition of “Financial Obligation” in Section 2 hereof, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the SEC or its staff with respect the amendments to the Rule effected by the 2018 Release.

Section 6. Termination of Reporting Obligation. The Airport Authority’s obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Senior Series 2025 Bonds, or upon delivery to the Dissemination Agent (if other than the Airport Authority) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Senior Series 2025 Bonds, the Airport Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. From time to time, the Airport Authority may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Airport Authority) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys’ fees). The Dissemination Agent (if other than the Airport Authority) shall not be responsible in

any manner for the content of any notice or report prepared by the Airport Authority pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the Airport Authority may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an Obligated Person with respect to the Senior Series 2025 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Senior Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Senior Series 2025 Bonds in the same manner as provided in the Senior Indenture for amendments to the Senior Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Senior Series 2025 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Airport Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Airport Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Airport Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Airport Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Airport Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Airport Authority to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Senior Series 2025 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Airport Authority or the Dissemination Agent (if other than the Airport Authority), as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Senior Indenture and the sole remedy under this Certificate in the event of any failure of the Airport Authority or the Dissemination Agent (if other than the Airport Authority) to comply with this Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Airport Authority) shall have only such duties as are expressly and specifically set forth in this Certificate, and the Airport Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the Senior Indenture. The obligations of the Airport Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Senior Series 2025 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Airport Authority, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Senior Series 2025 Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Certificate this 9th day of July, 2025.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By _____
Scott M. Brickner
Vice President, Chief Financial Officer

Approved as to form:

By _____
Amy Gonzalez
General Counsel

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Diego County Regional Airport Authority

Name of Bond Issue: Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT)
Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT)

Date of Issuance: July 9, 2025

CUSIP: 79739G__

NOTICE IS HEREBY GIVEN that the San Diego County Regional Airport Authority (the "Airport Authority") has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated July 9, 2025, executed by the Airport Authority for the benefit of the holders and beneficial owners of the above referenced bonds. The Airport Authority anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By _____
Authorized Representative

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APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “—General” below has been provided by DTC. The Airport Authority makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Senior Series 2025 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE AIRPORT AUTHORITY NOR THE SENIOR TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SENIOR SERIES 2025 BONDS UNDER THE SENIOR INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SENIOR SERIES 2025 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE TO THE OWNERS OF THE SENIOR SERIES 2025 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SENIOR SERIES 2025 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Senior Series 2025 Bonds. The Senior Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Senior Series 2025 Bond certificate will be issued for each maturity of the Senior Series 2025 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct

Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Senior Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Senior Series 2025 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Senior Series 2025 Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Senior Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Senior Series 2025 Bonds, except in the event that use of the book-entry system for the Senior Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Senior Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Senior Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Senior Series 2025 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Senior Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Senior Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Senior Series 2025 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Series 2025 Bond documents. For example, Beneficial Owners of Senior Series 2025 Bonds may wish to ascertain that the nominee holding the Senior Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Senior Series 2025 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Senior Series 2025 Bonds of a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Senior Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Airport Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Senior Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Senior Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from

the Airport Authority, the Senior Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Senior Trustee or the Airport Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Airport Authority or the Senior Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Senior Series 2025 Bonds at any time by giving reasonable notice to the Airport Authority or the Senior Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Senior Series 2025 Bonds are required to be printed and delivered.

The Airport Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Senior Series 2025 Bonds will be printed and delivered to DTC.

The information in this Appendix G concerning DTC and DTC's book-entry system has been obtained from sources that the Airport Authority believes to be reliable, but neither the Airport Authority nor the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SENIOR SERIES 2025 BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

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