

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
EXECUTIVE AND FINANCE COMMITTEE AND SPECIAL BOARD MEETING
MINUTES
MONDAY, MAY 11, 2015
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER:

Chair Gleason called the Special Board meeting and Executive and Finance Committee meeting to order at 9:03 a.m., Monday, May 11, 2015, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

Board

Present:	Board Members:	Alvarez, Boling, Cox, Desmond, Gleason, Hubbs, Robinson
Absent:	Board Members:	Berman (Ex-Officio), Farnam (Ex- Officio), Janney, Ortega (Ex-Officio), Sessom

Executive Committee

Present:	Committee Members:	Gleason, Hubbs, Robinson
Absent:	Committee Members:	None

Finance Committee

Present:	Committee Members:	Alvarez, Boling, Cox
Absent:	Committee Members:	Janney, Sessom
Also Present:	Thella F. Bowens, President/CEO; Amy Gonzalez, Senior Director, General Counsel; Tony R. Russell, Director, Corporate & Information Governance/Authority Clerk; Lorraine Bennett, Assistant Authority Clerk II	

Tony R. Russell, Authority Clerk, noted the absence of a quorum of the Finance Committee.

Board Member Alvarez arrived at 9:07 a.m.

NEW BUSINESS

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the April 6, 2015, special meeting.

ACTION: Moved by Chair Gleason and seconded by Board Member Robinson to approve staff's recommendation as amended regarding Item 5, "Discussion Regarding Wayfinding Signage at the Airport", to also include in the request by Chair Gleason proposed signage for the 94 freeway. Motion carried unanimously, noting Board Member Hubbs' ABSTENTION.

FINANCE COMMITTEE NEW BUSINESS

2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2015:

Scott Brickner, Vice President, Finance & Asset Management /Treasurer, and Kathy Kiefer, Senior Director, Finance & Asset Management, provided a presentation on the Unaudited Financial Statements for the Nine Months Ended March 31, 2015, which included Gross Landing Weight Units, Enplanements, Car Rental License Fees, Food and Beverage Concessions Revenue, Retail Concessions Revenue, Total Terminal Concessions (Includes Cost Recovery), Parking Revenue, Operating Revenues for the Month Ended March 31, 2015, Operating Expenses for the Month Ended March 31, 2015, Financial Summary for the Month Ended March 31, 2015, Non-Operating Revenue and Expenses for the Month Ended March 31, 2015, Revenues and Expenses (Unaudited) for the Nine Months Ended March 31, 2015, Monthly Operating Revenue, Fiscal Year 2015 (Unaudited), Operating Revenues for the Nine Months Ended March 31, 2015 (Unaudited), Monthly Operating Expenses, Fiscal Year 2015 (Unaudited), Operating Expenses for the Nine Months Ended March 31, 2015 (Unaudited), Financial Summary for the Nine Months Ended March 31, 2015 (Unaudited), Nonoperating Revenues and Expenses for the Nine Months Ended March 31, 2015 (Unaudited), and Statements of Net Position (Unaudited).

In response to Board Member Boling regarding what is the projection for the amount of actual savings for the current Fiscal Year, and what is the plan for those savings, Scott Brickner, Vice President, Finance & Asset Management /Treasurer, stated that \$2.3 million dollars is a non-cash savings related to the GASB 68 unfunded actuarial liability, and has no economic benefit. He further stated that other savings goes in to the cash reserves to fund capital projects.

In response to Board Member Boling regarding how much is the savings, Mr. Brickner stated that staff will get back to the Board with this information.

RECOMMENDATION: Forward to the Board for acceptance.

3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF MARCH 31, 2015:

Michael Sears, Director, Financial Management, provided a presentation on the Authority's Investment Report as of March 31, 2015, which included Total Portfolio Summary, Portfolio Composition by Security Type, Portfolio Composition by Credit Rating, Portfolio Composition by Maturity, Benchmark Comparison, Detail of Security Holdings, Portfolio Investment Transactions from January 1, 2015 – March 31, 2015, Bond Proceeds Summary, and Bond Proceeds Investment Transactions from January 1, 2015 – March 31, 2015.

RECOMMENDATION: Forward to the Board for acceptance.

ACTION: Moved by Board Member Boling and seconded by Board Member Alvarez to approve staff's recommendation for Items 2 and 3. Motion carried unanimously, noting Board Members Janney and Sessom as ABSENT.

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

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

RECOMMENDATION: Forward to the Board for approval.

ACTION: Moved by Board Member Boling and seconded by Board Member Alvarez to approve staff's recommendation. Motion carried unanimously, noting Board Members Janney and Sessom as ABSENT.

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

Scott Brickner, Vice President, Finance & Asset Management /Treasurer, reported that the Authority was the recipient of the 2014 Investment Policy Certificate of Excellence from the Association of Public Treasurers of the U.S. and Canada, and he thanked key Finance staff for their work. Michael Sears, Director, Financial Management, provided a presentation on the Annual Review and Approval of Amendments to Authority Policy 4.20, which included Investment Policy Overview, Amendments, Fixed Income Market, Changing Corporate Credit Environment, Negotiable

Certificate of Deposits and Medium Term Notes, and Investment Policy Amendments.

Board Member Boling expressed concern about the current interest rate market for investments, and that to extend the maturity periods does not seem like a very good idea at this particular time.

Mr. Brickner responded, stating that staff has taken this in to account, and the intent is not to change the 1.8 year target. He also stated that staff will work closely with the Authority's investment advisor on managing the Authority's investments. Furthermore, he stated that there typically would be adequate time to sell any investments before they go into default and still recover the principle.

RECOMMENDATION: Forward to the Board for approval.

ACTION: Moved by Board Member Alvarez and seconded by Board Member Boling to approve staff's recommendation. Motion carried unanimously, noting Board Members Janney and Sessom as ABSENT.

EXECUTIVE COMMITTEE NEW BUSINESS

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

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

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

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

REVIEW OF FUTURE AGENDAS

7. REVIEW OF THE DRAFT AGENDA FOR THE MAY 21, 2015, BOARD MEETING:

Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the May 21, 2015 Board Meeting.

Ms. Bowens requested that an item be added to the agenda regarding the World Trade Center, San Diego.

8. REVIEW OF THE DRAFT AGENDA FOR THE MAY 21, 2015, AIRPORT LAND USE COMMISSION MEETING:

Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the May 21, 2015 ALUC Meeting.

ACTION: Moved by Board Member Robinson and seconded by Board Member Hubbs to approve Item 7 as amended, and Item 8. Motion carried unanimously.

BUDGET WORKSHOP

9. DISCUSSION REGARDING THE FISCAL YEAR 2016 PROPOSED BUDGET AND FISCAL YEAR 2017 PROPOSED CONCEPTUAL OPERATING BUDGET:

Thella F. Bowens, President/CEO, provided a brief overview of the Fiscal Year 2016 Proposed Budget and Fiscal Year 2017 Proposed Conceptual Operating Budget, which included Organizational Strategies and Organizational Initiatives.

Scott Brickner, Vice President, Finance & Asset Management/Treasurer, provided a presentation on the Fiscal Year 2016 Proposed Budget and Fiscal Year 2017 Proposed Conceptual Operating Budget, which included Economic, Industry, and Credit Overview, Budget Objectives, Budget Overview – Revenue and Expense, Division Expense Budgets, Proposed Capital Program Fiscal Year 2016 – Fiscal Year 2020, Plan of Finance Fiscal Year 2016 – Fiscal Year 2020, and Conclusion.

Jeffrey Lindeman, Senior Director, Organizational Performance & Development, provided an overview of the approach to Maximizing the Authority's Return on Investment in Talent for Health Benefits, Strategic Workforce Planning, and Workforce Flexibility.

Chair Gleason requested that staff add a separate bar for Debt Service on the Expense Budget bar graph in future presentations.

Board Member Desmond requested that staff provide information to the Board that details the increase for salary adjustments and pay-for-performance between fiscal year 2015/2016 and fiscal year 2016/2017.

Michael Sears, Director, Financial Management, provided a presentation on the Development Division Fiscal Year 2016 - 2017 Budgets, which included Fiscal Year 2016 Proposed Expense Summary by Department, Fiscal Year 2017 Proposed Conceptual Expense Summary by Department, Fiscal Year 2016 Proposed Expense Summary by Major Expense Category, Fiscal Year 2017 Proposed Conceptual Expense Summary by Major Expense Category, Fiscal Year 2016 Proposed – Fiscal Year 2017 Proposed Conceptual Budget Expense Summary, and

Fiscal Year 2106 Proposed – Fiscal Year 2017 Proposed Conceptual Budget Major Drivers.

Angela Shafer-Payne, Vice President, Operations, provided a presentation and overview of the Operations Division Fiscal Year 2016 Proposed – Fiscal Year 2017 Proposed Conceptual Budget.

Chair Gleason left the meeting at 11:23 a.m.

Board Member Hubbs suggested that staff include a line item for recoverable expenses in the Operations Division budget in future presentations.

Thella F. Bowens, President/CEO, noted that in regards to the Capital Program Budget Summary, a refinement process was undertaken by Authority staff with internal stakeholders and the Authority's business partners, to define the projects that would be forwarded to the Board for approval.

In regards to Current Capital Improvement Projects presentation slides, Board Member Hubbs requested that staff include the cash flow totals for each Fiscal Year.

Board Member Boling expressed concern about revenue budget assumptions for enplanements being aggressive, and she requested that staff include information that shows sensitivity of the budgeted figures to enplanements. Mr. Brickner stated that information will be provided to the Board that shows sensitivity of the impact on major metrics, revenue, expenses, coverage, and day's cash on hand.

Board Member Desmond requested a copy of the Forecast of Net Income presentation slide.

In response to the request by Board Member Boling regarding budget assumptions for enplanements, Ms. Bowens stated that staff will provide additional information about the Authority's existing contingency plan for how to manage the Authority budget depending upon changes in forecasted enplanements.

LISA MCGHEE, distributed a handout to the Board regarding increases in costs associated with Ground Transportation, and she requested that staff delay the July 1, 2015 Ground Transportation fee payments, to be collected in the second quarter.

In response to Board Member Desmond's request that staff provide a report regarding the accuracy of the information provided by Ms. McGhee, Ms. Bowens stated that staff will provide a memorandum to the Board.

ADRIAN KWIATKOWSKI, SAN DIEGO, spoke about inequity issues with costs associated with ground transportation fees between Airport Operators and Transportation Network Companies.

RECOMMENDATION: Discuss the Fiscal Year 2016 Proposed and Fiscal Year 2017 Proposed Conceptual Operating Budget.

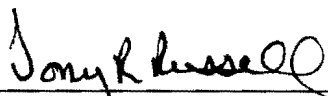
ACTION: No action taken.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT

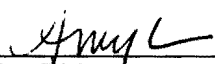
The meeting was adjourned at 12:00 p.m. The next meeting of the Executive and Finance Committee will be held on Monday, June 15, 2015, at 9:00 a.m. in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

APPROVED BY A MOTION OF THE EXECUTIVE COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 15TH DAY OF JUNE, 2015.



TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL