

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members

C. April Boling
Chairman

Greg Cox
Jim Desmond
Robert H. Gleason
Jim Janney
Mark Kersey
Paul Robinson
Michael Schumacher
Mary Sessom

Ex-Officio Board Members

Laurie Berman
Eraina Ortega
Col. Jason Woodworth

President / CEO

Kimberly J. Becker

DRAFT ACTION MINUTES **BOARD** **AGENDA**

Thursday, September 7, 2017
9:00 A.M.

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

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

CALL TO ORDER: Chairman Boling called the meeting to order at 9:03 a.m.

PLEDGE OF ALLEGIANCE: Board Member Woodworth (Ex Officio) led the Pledge of Allegiance.

ROLL CALL: Board Members Berman (Ex Officio), Cox, Gleason, and Ortega (Ex Officio) were ABSENT.

PRESENTATIONS:

- A. SERIES 2017 BOND SALE BRIEFING:**
Presented by Scott Brickner, Vice President, Finance & Asset Management/Treasurer

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

STANDING BOARD COMMITTEES

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

*For reference only. This document is not the official actions of the meeting and should not be maintained once the final minutes are adopted.

- **FINANCE COMMITTEE:**
Committee Members: Boling (Chair), Cox, Janney, Sessom

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Liaison: Robinson (Primary), Boling
- **ART ADVISORY COMMITTEE:**
Committee Member: Gleason

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN:**
Liaison: Janney
- **CALTRANS:**
Liaison: Berman
- **INTER-GOVERNMENTAL AFFAIRS:**
Liaison: Cox
- **MILITARY AFFAIRS:**
Liaison: Woodworth
- **PORT:**
Liaisons: Boling, Cox, Gleason (Primary), Robinson
- **WORLD TRADE CENTER:**
Representatives: Gleason (Primary)

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Representatives: Boling (Alternate), Janney (Primary)

CHAIR'S REPORT:

PRESIDENT/CEO'S REPORT:

NON-AGENDA PUBLIC COMMENT: There were 7 public speakers.

CONSENT AGENDA (Items 1-8):

[ACTION: 7-0-2 to approve the Consent Agenda, noting Board Members Cox and Gleason as ABSENT.]

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the July 6, 2017, regular meeting.
2. **ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:**
RECOMMENDATION: Accept the reports and pre-approve Board member attendance at other meetings, trainings and events not covered by the current resolution.
3. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM JUNE 12, 2017 THROUGH AUGUST 13, 2017 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JUNE 12, 2017 THROUGH AUGUST 13, 2017:**
RECOMMENDATION: Receive the report.
4. **SEPTEMBER 2017 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2017-0070, approving the September 2017 Legislative Report.
5. **APPOINTMENT OF AUTHORITY ADVISORY COMMITTEE MEMBERS**
RECOMMENDATION: Adopt Resolution No. 2017-0071, approving appointments to the Authority Advisory Committee.

CLAIMS

COMMITTEE RECOMMENDATIONS

CONTRACTS AND AGREEMENTS

6. **APPROVE AMENDMENTS TO THE AMENDED AND RESTATED SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY RETIREMENT PLAN AND TRUST OF 2013:**
RECOMMENDATION: Adopt Resolution No. 2017-0072, approving Amendment No. 4 to the Amended and Restated Retirement Plan and Trust of 2013; and

Adopt Resolution No. 2017-0073, approving Amendment No. 5 to the Amended and Restated Retirement Plan and Trust of 2013.

7. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AGREEMENTS FOR OUTSIDE LEGAL COUNSEL SERVICES:

RECOMMENDATION: Adopt Resolution No. 2017-0074, approving and authorizing the President/CEO to negotiate and execute an Agreement with Best Best & Krieger LLP for legal services for a term of three years with two one-year options to renew for a maximum amount payable of \$500,000; and

Adopt Resolution No. 2017-0075, approving and authorizing the President/CEO to negotiate and execute an Agreement with Gatzke Dillon & Balance LLP for legal services for a term of three years with two one-year options to renew for a maximum amount payable of \$500,000; and

Adopt Resolution No. 2017-0076, approving and authorizing the President/CEO to negotiate and execute an Agreement with Kaplan Kirsch & Rockwell LLP for legal services for a term of three years with two one-year options to renew for a maximum amount payable of \$500,000; and

Adopt Resolution No. 2017-0077, approving and authorizing the President/CEO to negotiate and execute an Agreement with Morrison & Foerster LLP for legal services for a term of three years with two one-year options to renew for a maximum amount payable of \$500,000.

8. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A LICENSING AGREEMENT WITH THE ROCKY MOUNTAIN INSTITUTE FOR THE ADMINISTRATION OF 'THE GOOD TRAVELER' CARBON OFFSET PROGRAM AND THE SUPPLY OF CARBON OFFSETS:

RECOMMENDATION: Adopt Resolution No. 2017-0078, approving and authorizing the President/CEO to execute a licensing agreement with the Rocky Mountain Institute for the administration of 'The Good Traveler' program and the supply of carbon offsets.

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

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

9. RENEWAL OF THE HEALTH AND WELFARE BENEFITS PROGRAM FOR 2018:

RECOMMENDATION: Adopt Resolution No. 2017-0079, approving the renewal of the Health and Welfare Benefits Program for 2018.

[ACTION: 6-1-2 to approve staff's recommendation, noting Board Members Sessom's NO vote and Cox and Gleason as ABSENT.]

10. AUTHORIZE A WAIVER OF SEASONAL AIR SERVICE INCENTIVE PROGRAM REQUIREMENTS FOR EDELWEISS AIR:

RECOMMENDATION: Adopt Resolution No. 2017-0080, authorizing a waiver of Seasonal Air Service Incentive Program Requirements for Edelweiss Air.

[ACTION: 7-0-2 to approve staff's recommendation, noting Board Members Cox and Gleason as ABSENT.]

11. ACCEPTANCE OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED JUNE 30, 2017:

RECOMMENDATION: Accept the report.

[ACTION: 7-0-2 to approve staff's recommendation, noting Board Members Cox and Gleason as ABSENT.]

12. ACCEPTANCE OF THE AUTHORITY'S INVESTMENT REPORT FOR THE TWELVE MONTHS ENDED JUNE 30, 2017:

RECOMMENDATION: Accept the report.

[ACTION: 7-0-3 to approve staff's recommendation, noting Cox, Gleason, and Sessom as ABSENT.]

CLOSED SESSION: The Board recessed into Closed Session at 11:09 a.m. to discuss Items 13, 16, 17, 19, 21, and 22.

13. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)

Name of Case: GGTW LLC v San Diego County Regional Airport Authority, et al., San Diego Superior Court Case No. 37-2016-00032646-CU-BC-CTL

14. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)

Name of Case: San Diego County Regional Airport Authority v. American Car Rental, Inc., San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL

- 15. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Dryden Oaks, LLC v. San Diego County Regional Airport Authority, et al., San Diego Superior Court, North County, Case No. 37-2014-00004077-CU-EI-NC
- 16. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: K.S.A.N. L.L.C v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2017-00024982-CU-NP-CTL
- 17. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Administrative Draft Investigative Order No. R9-2017-0079 by the California Regional Water Quality Control Board pertaining to an investigation of sediment pollutants in the Laurel Hawthorne Central Embayment of San Diego Bay, San Diego, California
Number of Cases: 1
- 18. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Navy Boat Channel Environmental Remediation
Number of potential cases: 1
- 19. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of potential cases: 2
- 20. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
In re Seaport Airlines, Inc., U.S. Bankruptcy Court Case No. 16-30406-rld7
Number of potential cases: 1
- 21. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of cases: 1
- 22. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)

The Receipt of a Government Claim from David Freund and Request for Defense and Indemnity from the San Diego Unified Port District regarding the Claim

23. CONFERENCE WITH LABOR NEGOTIATOR:

Labor negotiations pursuant to Cal. Gov. Code §54957.6

Authority Designated Negotiators: Kimberly Becker, President & CEO and Kurt Gering, Director Talent, Culture & Capability

Employee Organization: Teamsters 911

24. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957

Title: President/Chief Executive Officer

REPORT ON CLOSED SESSION: The Board reconvened into Open Session at 11:59 a.m. Amy Gonzalez, General Counsel, reported there was no reportable action on Item 13. She reported that in regards to Item 16, the Board rejected the settlement offer, 7-0-2, noting Board Members Cox and Gleason as ABSENT; Item 19 the Board authorized settlement for Midway Rental Car (Midway) under the following terms and conditions: pay the Airport Authority \$150,000; waive any and all rights to any credits or reimbursements related to operations at the Rental Car Center (RCC); Midway shall vacate the RCC between June 30, 2017, and July 15, 2017, and return the premises to the same condition with the exception of common area signage as of the beginning of the occupancy of the RCC, ordinary wear and tear excepted; refrain from a period of time from June 30, 2017, to July 15, 2022, the moratorium period from soliciting, promoting, conducting, or transacting rental car business at the Airport or with any person or persons using the Airport within a 12-hour period immediately prior to such transaction; if Midway violates the previous provisions they are required to pay the entire amount of the audit finding less the settlement amount paid, the audit finding amount is \$435,783; during the moratorium period for all rental car transactions occurring from any Midway rental car location in San Diego County, require all customers to initial the statement indicating they did not utilize San Diego International Airport or roadways in the past 12 hours; during the moratorium period refrain from licensing its name or brand to any existing or future RCC tenants and/or off-airport rental car operators; submit its June 17, 2017, activity report and pay all associated fees by July 20, 2017; the Authority shall waive its claims to any sums owed to it by Midway pursuant to the audit finding except as otherwise provided; and Midway provides an unconditional and complete release to the Airport Authority. She reported that the Board gave direction regarding Item 21; and the Board accepted the San Diego Port District's request for defense and indemnity in a claim filed by David Freund pursuant to the terms of the lease between the Airport Authority and the Port District under Item 22.

GENERAL COUNSEL REPORT: None.

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

BOARD COMMENT: None

ADJOURNMENT: The meeting was adjourned at 12:02 p.m.

DRAFT