

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, APRIL 5, 2018
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER: Chairman Boling called the regular meeting of the San Diego County Regional Airport Authority Board to order at 9:06 a.m. on Thursday, April 5, 2018, in the Board Room at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

PRESENT: Board Members: Boling, Desmond, Gubbins (Ex Officio),
Kersey, Lloyd, Robinson, Schumacher,
Schiavoni, West, Woodworth (Ex Officio)

ABSENT: Board Members: Cox, Wong-Hernandez (Ex Officio)

ALSO PRESENT: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel;
Tony R. Russell, Director, Corporate and Information
Governance/Authority Clerk; Linda Gehlken, Assistant Authority
Clerk I

PRESENTATION: None

CHAIR'S REPORT:

Chairman Boling welcomed new Board Members Lloyd and Gubbins (Ex Officio), and new Chief Auditor Lee Parravano. She recognized departing Chief Auditor Mark Burchyett by presenting him with a gift on behalf of the Authority, and expressed appreciation for his years of service. She reminded the Board that SAN will host the American Association of Airport Executives' (AAAE) 90th Annual Conference and Exposition next week, and encouraged Board participation in related activities.

PRESIDENT/CEO'S REPORT:

Kim J. Becker, President/CEO, reported that she attended the Small Business conference in Sweden, and stated that SDIA's model is highly regarded around the globe. She announced that there will be a follow up Small Business conference in San Diego in May, 2018. She reported that the Lufthansa inaugural flight was well attended and successful. She provided an overview of the upcoming AAAE 90th Annual Conference and Exposition.

NON-AGENDA PUBLIC COMMENT:

KAMRAN HAMIDI, SAN DIEGO, provided the Board a hand out on airport taxi stickers and spoke in support of issuing stickers directly to owners.

KIDANE WELDEMICHAEL, SAN DIEGO, spoke regarding ground transportation issues.

CLOSED SESSION: The Board recessed into Closed Session at 9:28 a.m. to discuss Items 3 and 10.

1. **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
2. **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
3. **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
4. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1
5. **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
6. **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

7. **CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Future DB International, Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2018-00001531-CU-CR-CTL
8. **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 Robert Bobbett and Request For Defense and Indemnity from the San Diego Unified Port District regarding the claim
9. **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 Donna Kashani and Request For Defense and Indemnity from the San Diego Unified Port District regarding the claim
10. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Airline Operating and Lease Agreement - San Diego International Airport Agency Negotiator: Kim Becker, Scott Brickner, Amy Gonzalez
Negotiating Parties: Alaska Airlines, Allegiant Airlines, American Airlines, British Airways, Delta Airlines, FedEx, JetBlue Airlines, Southwest Airlines Under Negotiation: price and terms of payment

REPORT ON CLOSED SESSION: The Board reconvened into Open Session at 10:13 a.m. There was no reportable action.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:** None
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** None
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Desmond reported that the next meeting of the Committee is scheduled for May 31st and will include the reviews of the President/CEO and General Counsel. He stated that it will also include an introduction of the process to the new Chief Auditor.

- **FINANCE COMMITTEE:**
Chairman Boling reported that the Committee met on March 26 and was provided detailed presentations on the financial and investments' positions of the Authority.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Board Member Robinson reported that staff provided updates on the Federal Inspection Station (FIS), Terminal 2 Parking Plaza, Runway Construction Project, Airport Development Plan and Noise Program.
- **ART ADVISORY COMMITTEE:**
Chris Chalupsky, Senior Manager, Arts & Community Partnerships, Vision, Voice & Engagement, reported that nine of the fifteen temporary exhibitions have been installed, and that the kickoff of the Performing Arts Residency Program was successful. He reported that Parking Plaza art components would be installed later this month, and that the Federal Inspection Station (FIS) suspended artwork would be installed in May. He stated that the FIS glass partition wall is ninety percent complete, and that the deliverables for Phase II of the Airport Art Master Plan project will be presented to the Art Advisory Committee on April 25th. He also reported that on April 27th staff will be presenting to Airport Development Plan (ADP) stakeholders, an arts update on sites and opportunities.

LIAISONS

- **CALTRANS:**
Board Member Gubbins reported that CALTRANS is ready to embark on its 2019 California Freight Mobility Plan. He stated that this plan is developed in collaboration with different stakeholders, including the public, and that the plan should be finalized by December, 2019. He reported that it is done every five years and covers a twenty year timeframe. He also reported that on April 18th the annual "Litter Day" will take place to highlight CALTRANS' litter pick up statistics.

- **INTER-GOVERNMENTAL AFFAIRS:**
Mike Kulis, Director, Inter-Governmental Relations, reported that Authority staff attended a California Airports Council Board meeting in Sacramento on March 15th, and met with Senate President Pro Tem Tony Atkins, Assemblymember Shirley Weber, Assemblymember Todd Gloria, and Assemblymember Cecilia Aguiar-Curry. He reported that on March 20th, Authority staff met with Congressman Scott Peters and his staff, and with staff from Congressman Darrell Issa's and Juan Vargas' office to provide them an update on recent Authority issues. He reported that Kevin K. McAleenan was confirmed by the Senate as U.S. Customs and Border Protection Commissioner on March 20th. He also reported that President Trump signed into law a \$1.3 trillion spending bill on March 23rd, which funds the federal government through September 30th, the end of the federal fiscal year. He stated that while this measure does not include an adjustment to the Passenger Facility Charge limit, it does increase funding for the Airport Improvement Program by \$1 billion. He also reported that a local swearing-in ceremony for Senate President Pro Tem Adkins will be held at 2:00 p.m. on Friday, April 13th at the Jacobs Center.
- **MILITARY AFFAIRS:** None
- **PORT:** None
- **WORLD TRADE CENTER:** None

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Chairman Boling reported that the Committee is in the process of determining how to select which projects will be included in the next Transportation Plan.

CONSENT AGENDA (Items 11-17):

Chairman Boling requested that Item 15 be pulled from the Consent Agenda for discussion.

ACTION: Moved by Board Member Kersey and seconded by Board Member Desmond to approve the Consent Agenda as amended. Motion carried by the following vote: YES – Boling, Desmond, Kersey, Lloyd, Robinson, Schiavoni, Schumacher, West; NO – None; ABSENT – Cox (Weighted Vote Points: YES – 92; NO – 0; ABSENT– 8)

11. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the March 1, 2018, regular and the February 15, 2018 special meetings.

- 12. 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.
- 13. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM FEBRUARY 5, 2018 THROUGH MARCH 11, 2018 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM FEBRUARY 5, 2018 THROUGH MARCH 11, 2018:**
RECOMMENDATION: Receive the report.
- 14. APRIL 2018 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2018-0029, approving the April 2018 Legislative Report.
- 15. APPOINTMENTS TO BOARD COMMITTEES, LIAISON POSITIONS, OTHER REPRESENTATIVE AND ALTERNATE POSITIONS:**
This item was pulled from the agenda.

CLAIMS

COMMITTEE RECOMMENDATIONS

CONTRACTS AND AGREEMENTS

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

- 16. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT TO PURCHASE AN UPGRADED NOISE AND OPERATIONS MONITORING SYSTEM AND HOSTED SUPPORT SERVICES AT SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2018-0032, approving and authorizing the President/CEO to execute an Agreement with Bruel and Kjaer EMS, Inc., for a term of three years with the option for two one-year extensions, in an amount not-to-exceed \$1,200,000, to provide an upgraded noise and operations monitoring system and hosted support services at San Diego International Airport.
- 17. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A VERTICAL TRANSPORTATION MODERNIZATION SERVICES AGREEMENT:**
RECOMMENDATION: Adopt Resolution No. 2018-0033, approving and authorizing the President/CEO to execute an Agreement for Vertical Transportation Modernization Services with KONE Inc., for a term of three years, for a total not-to-exceed amount of \$4,484,597.

ITEM REMOVED FROM THE CONSENT AGENDA

15. APPOINTMENTS TO BOARD COMMITTEES, LIAISON POSITIONS, OTHER REPRESENTATIVE AND ALTERNATE POSITIONS:

Chairman Boling requested that Resolution No. 2018-0031 be amended to add the creation of an Ad Hoc Legislative Committee, for a duration of no more than six months, and that up to four Board Members be appointed by the Chair on the Committee. She stated that the Ad Hoc Committee would consider legislative items affecting the Airport Authority during the 2018 State legislative session, and that the meetings of the Ad Hoc Committee would be pre-approved for the purpose of Board compensation.

RECOMMENDATION: Adopt Resolution No. 2018-0030, ratifying emergency appointments to Board committees, liaison positions and the SANDAG Transportation Committee.

Adopt Resolution No. 2018-0031, making appointments to Board committees, liaison positions and the SANDAG Transportation Committee and creating an Ad Hoc Legislative Committee.

ACTION: Moved by Chairman Boling and seconded by Board Member Schiavoni to approve staff's recommendation and to amend Resolution No. 2018-0031R to include the creation of an Ad Hoc Legislative Committee, for a duration to be no more than six months; with up to four Board members to be appointed by the Chair; to consider legislative items affecting the Airport Authority during the 2018 State legislative session; and that the meetings of the Ad Hoc Legislative Committee would be pre-approved for the purpose of Board compensation. Motion carried by the following vote: YES – Boling, Desmond, Kersey, Lloyd, Robinson, Schiavoni, Schumacher, West; NO – None; ABSENT – Cox (Weighted Vote Points: YES – 92; NO – 0; ABSENT – 8)

PUBLIC HEARINGS: None

OLD BUSINESS: None

NEW BUSINESS:

18. AUTHORIZE THE PRESIDENT/CEO TO AWARD A TEN-YEAR CONCESSION LEASE TO IN-TER SPACE SERVICES, INC., DBA CLEAR CHANNEL AIRPORTS FOR AN IN-TERMINAL ADVERTISING PROGRAM AND AUTHORIZE THE PRESIDENT/CEO TO GRANT AN AGREEMENT TO OUTFRONT MEDIA LLC FOR AN OUTDOOR ADVERTISING PROGRAM:

Eric Podnieks, Program Manager, Business Management, provided a presentation on Advertising Concession Programs which included Program Goals, Evaluation Criteria, Summary of Proposals for In-Terminal Advertising, Summary of Proposals for Outdoor Advertising, and Recommendation.

In response to Board Member Kersey regarding whether staff expects to meet the projected revenue for the outdoor advertising, Scott Brickner, Vice President, Finance & Asset Management/Treasurer, stated that staff is planning additional follow up in this regard to ensure the plan will meet the goals of the Authority.

In response to Board Member Kersey regarding how the City of San Diego's Sign Ordinance will impact the outdoor advertising, Amy Gonzalez, General Counsel, stated that under Sections 170048A and 170052A of the Airport Authority Act, the Authority is exempt from the City's Sign Ordinance, but that the Authority intends to work along with the City and Coastal Commission prior to putting up any signage.

In response to Board Member Desmond's request that a provision encouraging using local labor be included, Ms. Gonzalez stated that there was nothing in the draft agreement that requires the use of local labor, but that it could be suggested in the contract.

SCOTT SMITH, GENERAL MANAGER, OUTFRONT MEDIA, LLC, SAN DIEGO, spoke about the services they can provide, the extensive native San Diego makeup of their work force/staff, and in support of staff's recommendation.

DESMOND WHEATLEY, PRESIDENT/CEO, ENVISION SOLAR, SAN DIEGO, spoke in support of staff's recommendation.

LUCAS YEZIK, CLEAR CHANNEL AIRPORT, ALLENTOWN, PA., complimented the Authority's RFP process.

R. MICHAEL PACK, POINT LOMA, spoke in support of staff's recommendation.

RICHARD LEDFORD, representing Lamar Airport, expressed appreciation to staff for their work on this RFP process.

Board Member Desmond requested that once in place, the Board be provided a report on the local participation for the advertising programs.

RECOMMENDATION: Adopt Resolution No. 2018-0034, authorizing the President/CEO to award a ten-year concession lease to In-Ter-Space Services, dba Clear Channel, or to the next highest proposer should negotiations be unsuccessful, for an In-Terminal Advertising Concession at San Diego International Airport.

RECOMMENDATION: Adopt Resolution No. 2018-0035, authorizing the President/CEO to award an agreement for a term not to exceed ten-years to Outfront Media LLC to develop and implement an outdoor advertising program at San Diego International Airport.

ACTION: Moved by Board Member Desmond and seconded by Board Member West to approve staff's recommendation. Motion carried by the following vote: YES – Boling, Desmond, Kersey, Lloyd, Robinson, Schiavoni, Schumacher, West; NO – None; ABSENT – Cox (Weighted Vote Points: YES – 92; NO – 0; ABSENT– 8)

19. GRANT A 31-YEAR LEASE TO AVIATION FACILITIES COMPANY, INC. TO DESIGN, BUILD, FINANCE, OPERATE, MAINTAIN, AND SUBLEASE AN AIR CARGO FACILITY AND ASSOCIATED INFRASTRUCTURE, LOCATED ON THE NORTH SIDE OF THE AIRPORT:

Eric Podnieks, Program Manager, Business Management, provided a presentation on the Northside Cargo Facility and Associated Infrastructure which included Northside Development Master Plan and EIR, Project Background, Project Timeline, RFP Evaluation Criteria, Summary of Proposals, Evaluation Panel Recommendations, Northside Cargo Development Areas, Business Terms (Area A - Cargo Building and Area B – Aircraft Ramp), Air Cargo Facility Proposed Design and Staff Recommendation.

CHUCK STIPANCIC, PRESIDENT, AVIATION FACILITIES COMPANY INC, LEESBURG, VA, spoke about the services their company will provide and their commitment to utilizing local small businesses.

RECOMMENDATION: Adopt Resolution No. 2018-0036, awarding a 31 year lease to Aviation Facilities Company, Inc. to design, build, operate, maintain, and sublease an air cargo facility and associated infrastructure at San Diego International Airport and authorize the President/CEO to take all necessary actions to execute the lease.

ACTION: Moved by Board Member Schumacher and seconded by Board Member Kersey to approve staff's recommendation. Motion carried by the following vote: YES – Boling, Desmond, Kersey, Lloyd, Robinson, Schiavoni, Schumacher, West; NO – None; ABSENT – Cox (Weighted Vote Points: YES – 92; NO – 0; ABSENT– 8)

20. GRANT A TEN-YEAR CONCESSION LEASE TO TAV-AMERICA TO DESIGN, BUILD AND OPERATE A COMMON USE LOUNGE WITHIN TERMINAL 2 WEST:

Eric Podnieks, Program Manager, Business Management, provided a presentation on the Common Use Airport Lounge which included Proposal Evaluation, Proposed Lounge Location Overview, Concession Location Existing Conditions, and TAV – Primeclass Proposed Phasing and Design.

In response to concern expressed by Board Members Desmond and West in regard to the minimum annual guarantee amount and the viability of a fitness center, Thibaut Rouzaud, Regional Operations Director, Americas, TAV Operation Services, stated that this model has been very successful in other markets and its revenue is not dependent solely on the traveling public. He stated that airport and airline staff provides the bulk of the projected revenue through creative marketing options for use of the area.

RECOMMENDATION: Adopt Resolution No. 2018-0037, awarding a non-exclusive concession lease to TAV-America, to Design, Build and Operate an Airport Lounge concession within Terminal 2 West at San Diego International Airport for a term not to exceed ten years, with a Minimum Annual Guarantee of \$448,000, Percentage Rent of 10% and an ACDBE Participation Level of 20-24%, and authorize the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Kersey and seconded by Board Member West to approve staff's recommendation. Motion carried by the following vote: YES – Boling, Desmond, Kersey, Lloyd, Robinson, Schiavoni, Schumacher, West; NO – None; ABSENT – Cox (Weighted Vote Points: YES – 92; NO – 0; ABSENT– 8)

NON-AGENDA PUBLIC COMMENT: None

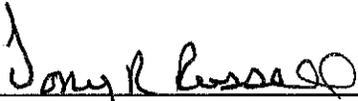
GENERAL COUNSEL REPORT: None

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 adjourned at 11:32 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 3rd DAY OF MAY, 2018.



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

APPROVED AS TO FORM:



AMY GONZALEZ
GENERAL COUNSEL