

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
MONDAY, MARCH 23, 2020
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER: Chairman Boling called the special meeting of the San Diego County Regional Airport Authority Board to order at 9:04 a.m. on Monday, March 23, 2020, in the Board Room via teleconference pursuant to Executive Order N-25-20 and at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENT: Board Members: Blakespear, Boling, Kersey, Lloyd, McNamara, Robinson, Schiavoni, West

ABSENT: Board Members: Cox, Dallarda (Ex-Officio), Dockery (Ex-Officio), Miller (Ex-Officio)

ALSO PRESENT: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Martha Morales, Assistant Authority Clerk I

APPROVE AGENDA:

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

PRESENTATIONS:

A. PRESENTATION ON THE AUTHORITY'S FINANCIAL RESILIENCY PLAN AND COVID-19 UPDATE:

Kimberly Becker, President/CEO, reported that measures have been implemented to keep staff safe and healthy while keeping the airport functioning. She also reported that in March there was a reduction of 5 daily flights, but passenger volume decreased significantly which impacts non-airline revenue. She also reported that construction projects that were already underway are continuing and that the Authority was assessing options for the long term. She reported that ACI-NA projected that US Airports will lose at least 13.9 billion in revenue and that the Coronavirus will have six times the impact of September 11. She reported that the airport is working with tenants and airline partners to follow directives from the CDC and that the Authority is also regularly communicating measures that are being taken to control costs and reduce expenses.

Matt Harris, Director, Government Relations, reported that Congress and the Administration have worked to rapidly contain the spread of COVID-19 and are now working to provide relief to government agencies, health facilities, businesses, individuals and the broader economy. He reported that Authority staff and consultants have actively engaged Senators and the House Delegation to urge support for \$10 billion in aid for airports with an additional \$50 billion in loans and guarantees for passenger air carriers and \$8 billion in loans and guarantees for cargo air carriers. He also reported that prior to suspending its 2020 session, the California Legislature passed a \$1.1 billion relief package to support hospitals, health facilities, local governments and schools to mitigate the spread of the virus. He reported that on March 19, Governor Newsom issued a statewide stay-at-home order, directing all Californians to stay at home and avoid all non-essential social contact with an exemption for key transportation sectors, including airports, rental car companies, taxis, and construction workers, among others, to maintain critical infrastructure.

Scott Brickner, Vice President/CFO, provided a presentation on the Authority's Financial Resilience Plan that included Financial Resilience Plan Levels, COVID-19 Impacts, Actions Taken, and Financial Profile.

In response to Board Member West's request regarding slot allocations and whether it might open new service, Mr. Harris stated that he would get more information on whether slot allocation reform was being considered by Congress and report back to the Board.

NON-AGENDA PUBLIC COMMENT:

MARGO TANGUAY, SAN DIEGO, spoke regarding the effects that COVID-19 has had on the taxi-cab industry as well as the different health guidelines, including the suggestion of using the term physical distancing instead of social distancing.

CONSENT AGENDA (Items 1-10):

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

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the March 5, 2020 regular meetings.

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 FEBRUARY 10, 2020 THROUGH MARCH 8, 2020 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM FEBRUARY 10, 2020 THROUGH MARCH 8, 2020:

RECOMMENDATION: Receive the report.

4. APRIL 2020 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2020-0033, approving the April 2020 Legislative Report.

5. AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A NOTICE OF GEOLOGIC AND GEOTECHNICAL CONDITIONS IN ORDER TO OBTAIN A CERTIFICATE OF OCCUPANCY FOR THE FACILITIES MANAGEMENT DEPARTMENT SHOPS BUILDING:

RECOMMENDATION: Adopt Resolution No. 2020-0034, approving and authorizing the President/CEO to execute a Notice of Geologic and Geotechnical Conditions, including an indemnity agreement in favor of the City of San Diego, in order to obtain a Certificate of Occupancy for the Facilities Management Department (FMD) Shops building, to be recorded with the County Recorder acknowledging the existence of geotechnical conditions assumed to be present on the site of the future FMD Campus located on a portion of the Tidelands of San Diego Bay.

CLAIMS

6. REJECT THE CLAIM OF SCOTT WITTMAN:

RECOMMENDATION: Adopt Resolution No. 2020-0035, rejecting the claim of Scott Wittman.

COMMITTEE RECOMMENDATIONS

CONTRACTS AND AGREEMENTS

7. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE CONSENT TO ASSIGNMENT AGREEMENTS WITH AVIS BUDGET CAR RENTAL, LLC.:

RECOMMENDATION: Adopt Resolution No. 2020-0036, approving and authorizing the President/CEO to execute a Consent to Assignment Agreement of the Non-Exclusive On-Airport Rental Car Concession Agreement with Avis Budget Car Rental, LLC.

Adopt Resolution No. 2020-0037, approving and authorizing the President/CEO to execute a Consent to Assignment Agreement of the Rental Car Center Facility Lease Agreement with Avis Budget Car Rental, LLC.

8. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AMENDMENTS TO CONCESSION LEASES FOR MODIFICATIONS TO LEASED PREMISES AND EXTENSION OF LEASE TERM:

RECOMMENDATION: Adopt Resolution No. 2020-0038, approving and authorizing the President/CEO to negotiate and execute amendments to the Concession Lease with Stellar Partners, Inc. to allow for modifications to the leased premises and/or extension of lease term.

Adopt Resolution No. 2020-0039, approving and authorizing the President/CEO to negotiate and execute amendments to the Concession Lease with PGC-PCI San Diego, LLC to allow for modifications to the leased premises and/or extensions to the lease term.

Adopt Resolution No. 2020-0040, approving and authorizing the President/CEO to negotiate and execute amendments to the Concession Lease with Mission Yogurt, Inc. to allow for modifications to the leased premises and/or extensions to the lease term.

9. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AMENDMENT TO THE AGREEMENT WITH GATZKE DILLON & BALANCE LLP:

RECOMMENDATION: Adopt Resolution No. 2020-0041, approving and authorizing the President/CEO to execute a First Amendment to the Agreement with Gatzke Dillon & Ballance LLP for professional legal services increasing the compensation amount by \$250,000.

10. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FOURTH AMENDMENT TO THE AGREEMENT WITH MEYERS NAVE RIBACK SILVER & WILSON:

RECOMMENDATION: Adopt Resolution No. 2020-0042, approving and authorizing the President/CEO to execute a Fourth Amendment to the Agreement with Meyers Nave Riback Silver & Wilson for Professional Legal Services extending the term for one year and adjusting attorney rates.

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

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

11. AUTHORIZATION AND APPROVAL OF BOND DOCUMENTS AND SALE OF UP TO \$395 MILLION TAXABLE AIRPORT REVENUE REFUNDING BONDS, INCLUDING DELEGATION OF PRICING AUTHORITY AND APPROVAL OF RELATED DOCUMENTS, TO REFUND THE AUTHORITY'S OUTSTANDING SENIOR SERIES 2013 BONDS:

Neal Attermann, Director/Co-Head, Airport Finance Group, Municipal Banking, Citigroup, provided an update on the municipal debt market. He stated that since the beginning of March, interest rates in the municipal bond market have gone up by about 2% and during that time they have noticed that there hasn't been very much liquidity in the market. He also stated that he does not anticipate that the general market will calm down until there is a cure or vaccine for COVID-19.

Scott Brickner, Vice President/CFO, provided a presentation on the Authority's Subordinate Airport Revenue Refunding Bond Series that included Potential 2013 Bonds Refunding Opportunity, Advance Refunding Market Conditions, Principal Documents of the GARB Sale, and Preliminary Timeline.

In response to Board Member Schiavoni's inquiry regarding the timing of this approval given the market's instability, Michael Thomas, Partner, Kutak Rock, stated that the approval is requested now to be ready to go to market quickly once the market improves. He stated that if the documents were materially different, he would advise coming back to the Board for approval of the new documents.

RECOMMENDATION: Adopt Resolution No. 2020-0043, (1) authorizing the issuance and sale of not-to-exceed \$395 million in aggregate principal amount of one or more series of San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds; and (2) approving the forms of an Eighth Supplemental Subordinate Trust Indenture, Preliminary and Final Official Statements, a Purchase Contract, an Escrow Agreement, a Continuing Disclosure Certificate, and certain related matters.

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

The Board recessed at 9:50 a.m. and reconvened at 9:54 a.m.

CLOSED SESSION: The Board recessed into Closed Session at 9:55 a.m. to discuss Item 23.

- 12. 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
- 13. 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
- 14. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Park Assist LLC v. San Diego County Regional Airport Authority, et al.
United States District Court Case No. 18 CV2068 LAB MDD
- 15. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: M.W. Vasquez Construction Co. Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2019-000215
- 16. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Quiet Skies San Diego v. San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2020-00007998-CU-TT-CTL
- 17. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of cases: 2
- 18. 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

19. **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
20. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of potential cases: 1
21. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS
Number of potential cases: 1
22. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Approximately 7.5 acres of land located on the north side of the San Diego International Airport property, north-east of Taxiway C
Agency Negotiators: Scott Brickner, John Dillon, Hampton Brown, Eric Podnieks
Negotiating Parties: AFCO, Chuck Stipancic
Under Negotiation: price and terms of payment
23. **CONFERENCE WITH LABOR NEGOTIATORS**
(Cal. Gov. Code section 54957.6)
Agency designated representatives: Greg Halsey, Rod Betts, Stephanie Alexander, Lola Barnes
Employee organization: California Teamsters Local 911

REPORT ON CLOSED SESSION: The Board adjourned out of Closed Session at 10:21 a.m. There was no reportable action.

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 10:21 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 7TH DAY OF MAY, 2020.

ATTEST:



TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:



AMY GONZALEZ
GENERAL COUNSEL