

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, FEBRUARY 1, 2018
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER: Chairman Boling called the regular meeting of the San Diego County Regional Airport Authority to order at 9:08 a.m. on Thursday, February 1, 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 Robinson led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Binns (Ex Officio), Boling (Chairman), Cox, Desmond, Kersey, Robinson, Schumacher, West, Woodworth (Ex Officio)

ABSENT: Board Members: Sessom

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

APPOINTMENT OF EXECUTIVE COMMITTEE MEMBERS AND ELECTION OF THE VICE CHAIR OF THE BOARD:

Chair Boling nominated Board Member Schumacher to serve on the Executive Committee, and Board Member Robinson to serve as Vice Chair.

ACTION: Moved by Board Member Cox and seconded by Board Member Desmond to approve the appointment of Board Member Robinson as Vice Chair of the Board and Board Member Schumacher to the Executive Committee. Motion carried by the following votes: YES – Boling, Cox, Desmond, Robinson, Schumacher, West; NO – None; ABSENT – Kersey, Sessom; (Weighted Vote Points: YES – 66; NO – 0; ABSENT – 21).

Board Member Kersey arrived at the meeting at 9:11 a.m.

PRESENTATIONS:

A. SDCERS 2017 AIRPORT PENSION VALUATION AND FUTURE FUNDING REQUIREMENTS:

Gregg Rademacher, Chief Executive Officer, and Marcelle Voorhies Rossman, Chief Benefits Officer, SDCERS, provided a presentation on the SDCERS 2017 Airport Pension Valuation and Future Funding Requirements which included the Valuation Process; Timing; Plan Effective Dates; Assumption Changes; National Trend; Member Contribution Rates; Airport Authority's Assets and Liabilities, Contributions, Gains and Losses and Factors Contributing to UAL Changes; June 30, 2017 Actuarial Valuation Results; Baseline Projection and Projection with Additional Contributions.

B. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2017:

Kathy Kiefer, Senior Director, Finance and Asset Management, and John Dillon, Director, Financial Management, provided a presentation on the Unaudited Financial Statements for the Six Months Ended December 31, 2017, which included Operating Revenues, Operating Expenses, Non-Operating Revenue and Expenses, Financial Summary, Statement of Net Positions, and Budget Timeline of Key Dates.

CHAIR'S REPORT: Chairman Boling recognized Board Member Gleason for his years of service on the Authority Board and presented him with a gift on behalf of the Authority. She also welcomed Board Member West to the Board. Chair Boling stated that the Board Retreat will be held on March 9 and 10.

PRESIDENT/CEO'S REPORT: Kimberly Becker, President/CEO, reported that there was a 6.9% increase in annual passengers' travel from 2016, making it the third consecutive year of substantial increases. She reported air service will begin by Alaska Airlines between SAN and Seattle, and that several airlines will have new routes from SAN starting Spring, 2018. She announced Southwest Airlines to Puerto Vallarta, Lufthansa to Frankfurt, Germany and Alaska Airlines to San Francisco from a merger with Virgin America Airlines. She also reported that the Authority sponsored its fifteenth Take Flight session. She stated that to date more than 538 students have participated in this program from 16 different colleges and high schools. Ms. Becker also reported that Angela Shafer-Payne, Vice President, Airport Planning, joined her in San Francisco to attend the Airports Biometrics Roundtable event hosted by ACI-NA and AAEE. She stated that the event provided a valuable opportunity to hear from senior management, regulatory agencies and trade organizations about biometrics in U.S. airports.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:** Board Member Robinson reported that members of the Committee will hold additional interviews on February 12 to continue the search for a new Chief Auditor.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Kim Becker, President/CEO, reported that updates were received on large current projects, which included the Parking Plaza and the Federal Inspection Services (FIS) facility. She reported that information was also provided on technology and Public Art, along with updates on Small Business Development and Storm Water Master Planning. She also reported that the Committee was presented information on the ADP Procurement process.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** Board Member Desmond reported that the Committee met in Closed Session to conduct midyear performance evaluations for the President/CEO and General Counsel.
- **FINANCE COMMITTEE:** Chair Boling reported the Committee met and reviewed the financial statements and investment reports.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Robinson reported that the next meeting is on March 7.
- **ART ADVISORY COMMITTEE:** Diana Lucero, Director, Vision, Voice & Engagement, reported that the temporary exhibition pieces for Figure of Speech are to be completed by mid-March. She reported that the Performing Arts weekly concert series are continuing and that as part of Public Art, the Admiral Boland Way project is moving forward with the installation of a mural in February, 2018. She stated that the mural will be on view until January, 2019. She reported that the Design Ahead program, highlighting designs by students from City College, will be on display soon as part of the Art program's Community Partnership component.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN:** None

- **CALTRANS:** Board Member Binns reported that new funding has been received by CALTRANS that will be focused primarily on asset management. He reported that efforts are underway to focus on repair of infrastructure.
- **INTER-GOVERNMENTAL AFFAIRS:** Board Member Cox reported that on January 22nd, following a three-day federal government shutdown, President Trump signed into law a three-week stopgap funding measure. He stated that this action provides funding for the federal government through February 8th. He reported that during his January 30th State of the Union address, President Trump called on Congress to produce a \$1.5 Trillion infrastructure bill that would leverage state and local funding, encourage private sector investment and streamline the permitting and approval process. He also reported that Authority representatives are scheduled to meet on February 28th with San Diego Councilmember Georgette Gómez, who was recently elected Chair of the Metropolitan Transit System Board of Directors. He stated that February 16th is the deadline for bills to be introduced in the State Legislature this year.
- **MILITARY AFFAIRS:** None.
- **PORT:** None.
- **WORLD TRADE CENTER:** Chair Boling reported that a recent workshop was held to review the structure of the World Trade Center, and its relation to the San Diego area.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:** Chair Boling reported that the SANDAG Board of Directors will be holding their annual retreat February 7th to 9th and that Authority staff is expected to attend on behalf of the Board.

NON-AGENDA PUBLIC COMMENT:

SANDY VALONE, SAN DIEGO, spoke in regard to METROPLEX related concerns and provided a hand out to the Board.

CONSENT AGENDA (Items 1-14):

ACTION: Moved by Board Member Desmond and seconded by Board Member West to approve the Consent Agenda. Motion carried by the following votes: YES – Boling, Cox, Desmond, Kersey, Robinson, Schumacher, West; NO – None; ABSENT – Sessom; (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 8).

- 1. APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the January 4, 2018, 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 DECEMBER 11, 2017 THROUGH JANUARY 7, 2018 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM DECEMBER 11, 2017 THROUGH JANUARY 7, 2018:**
RECOMMENDATION: Receive the report.
- 4. FEBRUARY 2018 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2018-0005, approving the February 2018 Legislative Report.
- 5. ANNUAL REVIEW AND NOTIFICATION OF BOARD MEMBER WEIGHTED VOTE POINT ALLOCATION AS REQUIRED BY SECTION 170014 OF THE CALIFORNIA PUBLIC UTILITIES CODE:**
RECOMMENDATION: Adopt Resolution No. 2018-0006, accepting the Board member weighted vote point allocation as required by Section 170014 of the California Public Utilities Code.
- 6. APPOINTMENTS TO BOARD COMMITTEES, LIAISON POSITIONS, OTHER REPRESENTATIVE AND ALTERNATE POSITIONS:**
RECOMMENDATION: Adopt Resolution No. 2018-0007, making appointments to Board committees, liaison positions, the Art Advisory Committee, the SANDAG Transportation Committee, and the World Trade Center Board.

- 7. APPOINTMENT OF AUTHORITY ADVISORY COMMITTEE MEMBERS:**
RECOMMENDATION: Adopt Resolution No. 2018-0008, approving appointments to the Authority Advisory Committee.

CLAIMS

COMMITTEE RECOMMENDATIONS

- 8. ACCEPTANCE OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2017:**
RECOMMENDATION: The Finance Committee recommends that the Board accept the report.
- 9. ACCEPTANCE OF THE AUTHORITY'S INVESTMENT REPORT AS OF DECEMBER 31, 2017:**
RECOMMENDATION: The Executive/Finance Committee recommends that the Board accept the report.

CONTRACTS AND AGREEMENTS

- 10. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE AGREEMENT WITH WILLIS INSURANCE SERVICES OF CALIFORNIA, INC.:**
RECOMMENDATION: Adopt Resolution No. 2018-0009, approving and authorizing the President/CEO to execute a First Amendment to the Agreement with Willis Insurance Services of California, Inc. increasing the compensation amount by \$137,000 for a total not-to-exceed amount of \$750,000.

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

- 11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE TWO ON-CALL TERMINAL AND BUILDINGS ARCHITECTURAL AND ENGINEERING CONSULTANT SERVICES AGREEMENTS AT SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2018-0010, approving and authorizing the President/CEO to execute two On-Call Terminal and Buildings Architectural and Engineering Consultant Services Agreements, one with Rivers & Christian, and one with Pierce Goodwin Alexander & Linville, Inc. "(PGAL)", each for a term of three years, with the option for two one-year extensions, in an amount not-to-exceed \$10,000,000 each, and a maximum total aggregate amount not-to-exceed \$10,000,000, in support of the Capital Improvement and Major Maintenance Programs at San Diego International Airport.

12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE TWO ON-CALL MECHANICAL, ELECTRICAL, AND PLUMBING CONSULTING SERVICES AGREEMENTS AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2018-0011, approving and authorizing the President/CEO to execute an On-Call Mechanical, Electrical, and Plumbing Consulting Services Agreement with MA Engineers, Inc., and Stantec Consulting Services, Inc., for a term of three years, with the option for two one-year extensions, in an amount not-to-exceed \$10,000,000 each, and a maximum total aggregate amount not-to-exceed \$10,000,000 in support of the Capital Improvement and Major Maintenance Programs at San Diego International Airport.

13. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 9, GROUP 3, PROJECT NO. 380903, SIXTY-EIGHT (68) NON-HISTORIC MULTI-FAMILY AND SINGLE FAMILY UNITS ON TWENTY-NINE (29) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2018-0012, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$ 1,337,000 for Phase 9, Group 3, Project No. 380903, of the San Diego County Regional Airport Authority's Quieter Home Program.

14. AWARD A CONTRACT TO LEONIDA BUILDERS, INC., FOR REPLACE SIDEWALK TERMINAL 2 WEST TO GREEN BUILD AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2018-0013, awarding a contract to Leonida Builder, Inc., in the amount of \$1,038,222 for Project No. 104226, replace sidewalk Terminal 2 West to Green Build at San Diego International Airport.

PUBLIC HEARINGS: None.

OLD BUSINESS: None.

NEW BUSINESS:

15. AWARD A SEVEN-YEAR CONCESSION LEASE TO SFS INVESTORS, LLC TO DESIGN, BUILD AND OPERATE A DUTY FREE CONCESSION WITHIN TERMINAL 2 WEST:

Eric Podnieks, Program Manager, Business Management, provided a presentation on the requested Duty Free Concession lease within Terminal 2 West which included Summary of Proposals, Concession Location Existing Conditions, Proposed Location Conversion for Single Unit, and Duty Free-Sky Free Shop Proposed Design.

Scott Brickner, Vice President, Finance and Asset Management/Treasurer, stated that, as noted in the staff report, a long term lease to sell exclusive items, such as this one, requires FAA approval. He reported that the FAA has been provided the information, and if the lease is approved by the Board, it will be contingent on receiving the requested FAA approval.

RECOMMENDATION: Adopt Resolution No. 2018-0014, awarding a seven-year concession lease to SFS Investors, LLC to design, build and operate a Duty Free concession in Terminal 2 West at San Diego International Airport and authorize the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Desmond and seconded by Board Member West to approve staff's recommendation. Motion carried by the following votes: YES – Boling, Cox, Desmond, Kersey, Robinson, Schumacher, West; NO – None; ABSENT – Sessom; (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 8).

The Board recessed at 10:44 a.m. and reconvened at 10:46 a.m.

BOARD COMMENT: Board Member Desmond stated that at recent SANDAG meetings, it was suggested that the Palm Street trolley stop be renamed to the Airport Stop as long as there is transportation. He requested that staff investigate this request and determine if the Rental Car Center buses can be routed to pick up passengers at the Palm Street trolley stop.

Chair Boling reported that she was contacted by Supervisor Ron Roberts's staff in this regard and informed that the Authority and other stakeholders will be gathering later this month to take a comprehensive look at pedestrian friendly concerns.

Kimberly Becker, President/CEO, stated that the Authority and Port of San Diego are looking into applying for a CALTRANS Sustainable Community Grant to fund possible pedestrian area improvements that could assist with concerns in this regard.

CLOSED SESSION: The Board recessed into Closed Session at 10:50 a.m. to discuss Items 16, 18, 22 and 24.

- 16. 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
- 17. 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
- 18. 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
- 19. 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
- 20. 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
- 21. 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

- 22. 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
- 23. 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
- 24. 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

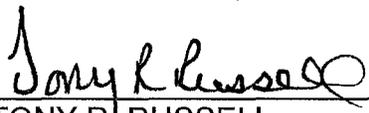
REPORT ON CLOSED SESSION: The Board reconvened into Open Session at 11:14 a. m. Ms. Gonzalez reported that in regards to Item 16, the Board provided direction to General Counsel. There was no other reportable action.

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:

ADJOURNMENT: The meeting adjourned at 11:15 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 1ST DAY OF MARCH, 2018.



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

APPROVED AS TO FORM:



AMY GONZALEZ
GENERAL COUNSEL