

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, DECEMBER 3, 2009
BOARD ROOM**

CALL TO ORDER: Chairperson Watkins called the meeting of the San Diego County Regional Airport Authority Board to order at 9:02 a.m. on Thursday, December 3, 2009 in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Ex-Officio Board Member Frank Richie led the pledge of allegiance.

ROLL CALL:

PRESENT: Board Members: Berman (Ex-Officio), Boland, Desmond, Finnila, Gleason, Panknin, Col. Richie (Ex-Officio), Smisek, Watkins, Young

ABSENT: Board Members: Sheehy (Ex- Officio)

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton Lobner, General Counsel; Tony R. Russell, Director, Corporate Services/Authority Clerk; Sara Real, Assistant Authority Clerk I

BOARD BUSINESS:

ADMINISTER OATH OR AFFIRMATION AND INSTALLATION OF BOARD MEMBERS:

Vice Chair Finnila and Tony R. Russell, Director, Corporate Services/Authority Clerk, administered the Oath of Office to Laurie Berman, District Director, Department of Transportation, San Diego Region.

PRESENTATION:

A. REPORT ON THE AUTHORITY'S FINANCIAL CONDITION:

Vernon Evans, Vice President, Finance/Treasurer, provided an update on the Authority's financial condition, which included an Economic Update; Enplanements; Gross Landing Weight Units; Airport Parking Transactions; Car Rental License Fees; Unaudited Revenues and Expenses For the Four Months Ended October 31, 2009; Liabilities and Net Assets; Monthly Operating Revenue; Operating Revenues for the Four Months Ended October 31, 2009; Total Portfolio Summary; and a Summary of Outstanding Commercial Paper.

PUBLIC COMMENT:

KAMRAN HAMIDI, SAN DIEGO, spoke in opposition to a proposed \$2 trip fee for ground transportation vehicles servicing the airport.

SUHAIL KHALIL, SAN DIEGO, expressed concern with possible pollution and traffic related to the Green Build project, and requested that more information be provided regarding the Green Build and its effect on the community.

CONSENT AGENDA:

Board Member Finnila requested that Item 2 be removed from the Consent Agenda for discussion.

Board Member Desmond requested that Item 12 be removed from the Consent Agenda for discussion.

ACTION: Moved by Board Member Desmond and seconded by Board Member Gleason to approve the Consent Agenda as amended. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Gleason, Panknin, Smisek, Watkins, Young; NO – None; ABSENT – None. (Weighted Vote Points: YES – 92; NO – 0; ABSENT - 0)

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the November 5, 2009 Board meeting.

2. PRE-APPROVAL OF BOARD MEMBER PARTICIPATION AND REPRESENTATION OF THE AUTHORITY AT MEETINGS, TRAININGS AND EVENTS AND ACCEPTANCE OF BOARD MEMBERS' WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS:

ACTION: This item was pulled from the Consent Agenda for discussion.

3. NOTIFICATION OF BOARD MEMBER WEIGHTED VOTE POINT ALLOCATION AS REQUIRED BY SECTION 170014 OF THE PUBLIC UTILITIES CODE:

RECOMMENDATION: Accept the report.

4. APPOINTMENTS TO THE AIRPORT ART ADVISORY COMMITTEE:

RECOMMENDATION: Adopt Resolution No. 2009-0142, approving appointments to the Airport Art Advisory Committee.

5. DECEMBER 2009 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2009-0143, approving the December 2009 Legislative Report.

CLAIMS

6. **AUTHORIZE THE REJECTION OF THE CLAIM OF ROBIN IVESON:**
RECOMMENDATION: Adopt Resolution No. 2009-0144, authorizing the rejection of the claim of Robin Iveson.

COMMITTEE RECOMMENDATIONS

7. **EXTERNAL AUDITOR'S FISCAL YEAR ENDED JUNE 30, 2009, REPORTS: A) AUDITED FINANCIAL STATEMENTS, B) COMPLIANCE (SINGLE AUDIT) REPORT, C) PASSENGER FACILITY CHARGE COMPLIANCE REPORT, AND D) REPORT TO THE AUDIT COMMITTEE:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the reports.
8. **REVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2009:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the information.
9. **QUARTERLY AUDIT ACTIVITIES REPORT – FISCAL YEAR 2010 FIRST QUARTER, AND REPORT ON AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the information.
10. **REVISION TO THE FISCAL YEAR 2010 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the revised 2010 Audit plan.

CONTRACTS AND AGREEMENTS

11. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM OCTOBER 12, 2009 THROUGH NOVEMBER 8, 2009 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM OCTOBER 12, 2009 THROUGH NOVEMBER 8, 2009:**
RECOMMENDATION: Receive the report.
12. **AWARD A CONTRACT TO GORDON-PRILL SAN DIEGO, INC., TO UPGRADE ELECTRONIC VISUAL INFORMATION DISPLAY SYSTEMS CABINETS IN ALL TERMINALS AT SAN DIEGO INTERNATIONAL AIRPORT:**
ACTION: This item was pulled from the Consent Agenda for discussion.

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

13. **AWARD A CONTRACT TO S&L SPECIALTY CONTRACTING, INC., FOR QUIETER HOME PROGRAM PHASE 5, GROUP 5 (33 HISTORIC WEST SIDE SINGLE-FAMILY UNITS AND 8 NON-HISTORIC WEST SIDE SINGLE-FAMILY UNITS):**

RECOMMENDATION: Adopt Resolution No. 2009-0146, awarding a contract to S&L Specialty Contracting, Inc., in the amount of \$1,988,550.00, for Phase 5, Group 5, Project No. 380505, of the San Diego County Regional Airport Authority's Quieter Home Program.

ITEMS PULLED FROM THE CONSENT AGENDA FOR DISCUSSION:

2. **PRE-APPROVAL OF BOARD MEMBER PARTICIPATION AND REPRESENTATION OF THE AUTHORITY AT MEETINGS, TRAININGS AND EVENTS AND ACCEPTANCE OF BOARD MEMBERS' WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS:**

Board Member Finnila requested that the resolution be amended to pre-approve Board Member participation in publicly noticed meetings, such as the Green Build outreach meetings, when requested by the President/CEO, or his or her authorized representative or the Chair of the Board, and that Board Members can be compensated for their attendance.

Breton Lobner, General Counsel, recommended that the resolution be amended to add language clarifying that if the Chair, the President/CEO or his or her representative requests that a Board Member attend a meeting and the meeting is a public meeting, not a private meeting, and that there is adequate public notice and it is concerning an issue related to the airport or an airport program, the meeting would qualify for compensation.

RECOMMENDATION: Adopt Resolution No. 2009-0149, approving Board Member participation and representation of the Authority at meetings, trainings and events and accept the reports.

ACTION: Moved by Board Member Finnila and seconded by Board Member Panknin to approve staff's recommendation and amending Resolution No. 2009-0149R to add language clarifying that if the Chair, the President/CEO or his or her representative requests that a Board Member attend a meeting and the meeting is a public meeting, and there is adequate public notice and it is concerning an issue related to the airport or an airport program, the meeting would qualify for compensation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Gleason, Panknin, Smisek, Watkins, Young; NO – None; ABSENT – None. (Weighted Vote Points: YES – 92; NO – 0; ABSENT - 0)

12. AWARD A CONTRACT TO GORDON-PRILL SAN DIEGO, INC., TO UPGRADE ELECTRONIC VISUAL INFORMATION DISPLAY SYSTEMS CABINETS IN ALL TERMINALS AT SAN DIEGO INTERNATIONAL AIRPORT:

Board Member Desmond expressed concern that the contract amount is fifty percent less than the engineers estimate and questioned if the process used to obtain the engineer's estimate for projects should be reviewed.

Bryan Enarson, Vice President, Development, reported that staff certifies bids to ensure that the company can deliver, and that staff also reviews the estimate process to determine if something is wrong.

RECOMMENDATION: Adopt Resolution No. 2009-0145, awarding a contract to Gordon-Prill San Diego, Inc., in the amount of \$305,435.00, for Project No. 104060, Electronic Visual Information Display Systems Cabinet Assessment and Replacement, in all Terminals at San Diego International Airport.

ACTION: Moved by Board Member Desmond and seconded by Board Member Finnila to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Gleason, Panknin, Smisek, Watkins, Young; NO – None; ABSENT – None. (Weighted Vote Points: YES – 92; NO – 0; ABSENT - 0)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

14. AUTHORIZE FIFTH AMENDMENT TO THE AGREEMENT WITH AECOM USA, INC.:

Steve Cornell, Director, Terminal Development Program, provided an overview of the contract amendment.

In response to Board Member Finnila regarding the recommendations on the Aecom billing made at the last Audit Committee Meeting, Bryan Enarson, Vice President, Development, stated that the program management concept has been in place for some time, and the billing errors brought up during the audit have been corrected.

Board Member Boland noted that the Terminal Development Program Committee will be reviewing contract management options at their next meeting.

RECOMMENDATION: Adopt Resolution No. 2009-0147, authorizing a fifth amendment to the AECOM USA, Inc. (formerly known as DMJM Aviation) Agreement to provide Program Management/Construction Management services in support of San Diego County Regional Airport Authority's ("Authority's") Capital Improvement Program, Major Maintenance Program, Quieter Home Program, and Terminal Development Program, increasing the current agreement amount of \$76,500,000 by \$5,200,000 for a new total Agreement amount not-to-exceed \$81,700,000.

ACTION: Moved by Board Member Boland and seconded by Board Member Young to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Panknin, Smisek, Watkins, Young; NO – None; ABSENT – None; ABSTAIN - Gleason. (Weighted Vote Points: YES – 78; NO – 0; ABSENT – 0; ABSTAIN - 14)

15. PROPOSED AMENDMENTS TO AUTHORITY POLICIES 3.30 AND 3.40 BUSINESS, TRAVEL, AND LODGING EXPENSE REIMBURSEMENT POLICIES:

Jeffrey Woodson, Vice President, Administration, provided a presentation on the Proposed Revisions to Reimbursement Policies 3.30 and 3.40, which included the Background; Summary of Prior Recommendations; Audit Committee Recommendations; Proposed Revisions to Policy 3.30; Proposed Revisions to Policy 3.40; and Next Steps.

Chairperson Watkins stated that incidental expenses related to local activities should be put through the same approval process as any other expense.

Board Member Finnila suggested that the incidental expenses be noted on the monthly travel expense report.

Breton Lobner, General Counsel, stated that requiring that all expenses be pre-approved could create problems when valid expenses are incurred that were not pre-approved but should be reimbursed. He suggested amending the language in Policy 3.40 2(b) to clarify that prior approval is not needed.

Chairperson Watkins suggested that an estimate of the cost of the trip be included on the travel approval form.

In response to Board Member Boland regarding booking and changing travel arrangements, Mr. Woodson stated that all travel should be booked through Travel Trust, the Authority's travel agent. He also stated that they are open 24 hours a day and they can accommodate any changes needed.

Board Member Gleason suggested that sometime over the next few years, the two policies be combined for consistency purposes. He also suggested that there be a requirement that all expenses be audited on an annual basis, and that the Executive Committee approved expenses be presented to the Board. He further suggested that per diems should be for all employees as well as the Board. He recommended that premium travel be limited to only emergency situations such as a medical necessity, and would require approval by the President/CEO or the Chair of the Board.

Board Member Panknin expressed concern that the travel policies are too complex. He suggested that official business expenses be direct billed to the Authority. He expressed support for a flat rate per diem for all employees and board members.

RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2009-0148, approving amendments to Authority Policies 3.30 and 3.40 Business, Travel, and Lodging Expense Reimbursement Policies.

ACTION: Moved by Board Member Finnila and seconded by Board Member Smisek to approve Resolution No. 2009-0148R to include the following amendments: 1) amending Policy 3.40 Section 2 (b) removing language that requires prior approval by the President/CEO before expenses are incurred for employees; 2) that incidental expenses related to local activities be included on the Monthly Business/Travel Expense Reimbursement Form to be presented to the Executive Committee for approval; 3) that annual audits of Board Members, the President/CEO, Chief Auditor and General Counsel expenses be required; and 4) that the expense reports be presented to the Board for information at the next regular Board meeting. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Smisek, Watkins, Young; NO – Gleason; ABSENT – None; ABSTAIN - Panknin. (Weighted Vote Points: YES – 70; NO – 14; ABSENT – 0; ABSTAIN - 8)

16. **SECOND GENERATION RETIREE HEALTHCARE PLAN STATUS UPDATE:** Breton Lobner, General Counsel, stated that the Authority is implementing a Voluntary Employee's Beneficiary Association (VEBA) Trust. He stated that the Board directed that staff implement a retiree benefit program for new hires so that the Government Accounting Standards Board (GASB) 45 issue could be resolved. He stated that the GASB standards require that in the financial reporting of the Authority, that there be an entry regarding post-employment benefits. He stated that because the amount was so large, there needed to be pre-funding. He further stated that the proposed plan sponsor is Genesis, and the proposed trustee is U.S. Bank.

Board Member Gleason stated that because he sits on the Advisory Board for U.S. Bank, he would recuse himself from this item.

Board Member Gleason left the dais at 10:35 a.m.

Chairperson Watkins expressed concern regarding potential tax liabilities.

In response to Board Member Boland regarding the one-time opt in, Mr. Verrell stated that the procedure to make the election is the most important. He stated that the employees will be provided a choice of contribution amounts, and that decision is not made by the IRS. He suggested that the General Counsel request an opinion from the IRS regarding providing employees with more flexibility to pay into the plan.

Board Member Boland expressed concern regarding the lack of flexibility for employees. He stated that the resolution should contain a variable amount employees can contribute.

Board Member Smisek questioned if contributions could be done using a percentage of salary.

RECOMMENDATION: Receive the report and provide direction to staff.

ACTION: Moved by Board Member Panknin and seconded by Board Member Boland to approve Resolution No. 2009-0151 and directed that an IRS tax determination and opinion be obtained as to the tax exempt status: a) of the recommended plan; b) for the alternatives such as the one time and variable contributions, cost of living bump-ups, range of contributions and percentage of salaries. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Panknin, Smisek, Watkins; NO – None; ABSENT – Gleason; ABSTAIN - Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 14; ABSTAIN – 13)

Board Member Gleason returned to the dais at 11:00 a.m.

17. IMPLEMENTATION OF AIR QUALITY MANAGEMENT PLAN PURSUANT TO MEMORANDUM OF UNDERSTANDING WITH THE CALIFORNIA ATTORNEY GENERAL:

Angela Shafer-Payne, Vice President, Planning & Operations, provided a presentation on the Implementation of the Air Quality management Plan (AQMP), which included an overview of the Memorandum of Understanding (MOU), MOU Specific Measures; Coastal Development Permit – Greenhouse Gas (GHG) Conditions; AQMP Purpose; AQMP Chronology; AQMP Stakeholders; SDIA Emissions Inventory; MOU Specific Measures – Airside; MOU Specific Measures – Aircraft Movements; GHG Emissions from Aircraft Ground Movements; MOU Specific Measures – Landside; MOU Specific Measures Replacement of Shuttles; Mandatory Conversion; Incentive Program Recommendations; and Potential Funding Sources.

Breton Lobner, General Counsel, reported that he had contacted the office of the Attorney General and was able to get the deadline for MOU implementation extended to March 1, 2010. He stated that the extension was allowed due to lack of compressed natural gas stations, the need for a 10% reduction in carbon intensity, and that the ground transportation plan is not ready.

In response to Board Member Finnila regarding total Airport emissions and how they are separated from other emissions in the area, Paul Manasjan, Director, Environmental Affairs, stated that FAA guidelines were used.

Chairperson Watkins stressed the importance of a comprehensive plan being put in place and not to focus on one issue more than another.

In response to Board Member Young regarding receiving credit for improvements by other agencies in the area, Mr. Manasjan stated that that data was included in the baseline inventory.

In response to Board Member Young regarding how the improvements will be monitored, Ms. Shafer-Payne stated that staff is required to provide an annual update to the Board.

Board Member Finnila questioned the validity of the fiscal impact in the staff report.

Chairperson Watkins stated that fiscal impact of the plan on taxi cabs and shuttles need to be measured. He stated that all emissions for activities conducted by these vehicles should be reviewed.

Board Member Panknin stated that the cost of sustainability and life cycle management should be reviewed, as well as the estimated return.

ADRIAN KWIATKOWSKI, SAN DIEGO, stated that a ground transportation incentive program is needed.

CARELYN REYNOLDS, SAN DIEGO, thanked the Board for the time extension.

RECOMMENDATION: Adopt Resolution No. 2009-0150, to approve implementation of an Air Quality Management Plan pursuant to the Memorandum of Understanding with the California Attorney General.

ACTION: Moved by Board Member Gleason and seconded by Board Member Smisek to approve staff's recommendation and to amend Resolution No. 2009-0150R to include the following language, "WHEREAS, the Attorney General has granted the Authority an extension of the MOU implementation date of January 1, 2010 to March 1, 2010 as it applies to shuttle vans under Section 2b of the MOU and NOW THEREFORE BE IT RESOLVED that the Board hereby approves the implementation of the Air Quality Management Plan except as it applies to shuttle van operations as describe in Section 2b of Exhibit A of the MOU, and that this issue be brought back to the Board at the February meeting for an update. Motion carried by the following vote: YES – Boland, Desmond, Finnilla, Gleason, Panknin, Smisek, Watkins, Young; NO – None; ABSENT – None. (Weighted Vote Points: YES – 92; NO – 0; ABSENT – 0)

The Board recessed at 11:46 A.M. and reconvened at 4:07 P.M.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:** None
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None
- **FINANCE COMMITTEE:** None
- **TERMINAL DEVELOPMENT PROGRAM COMMITTEE:** None

AD HOC COMMITTEE

- **RASP/AMAP AD HOC COMMITTEE:** None
- **PORT DISTRICT AD HOC COMMITTEE:** None

LIAISONS

- **MILITARY AFFAIRS LIAISONS:** None
- **CALTRANS:** None

BOARD REPRESENTATIVES

- **SANDAG TRANSPORTATION COMMITTEE REPRESENTATIVE:** None
- **SCAG AVIATION TASK FORCE:** None
- **WORLD TRADE CENTER:** None

PUBLIC COMMENT:

KAMRAN HAMIDI, SAN DIEGO, distributed a presentation to the Board, and spoke in regards to the San Diego International Airport's Comprehensive Ground Transportation planning efforts.

CLOSED SESSION: Breton Lobner, General Counsel reported that in regards to Item 24, the case was settled in the amount of \$22,000. The Board recessed into Closed Session at 4:07 P.M. to hear Items 23, 25 and 26.

- 18. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Nazbest-Pacific).
- 19. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Galaxy).
- 20. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9 (a)):**
San Diego Unified Port District v. TDY Industries, Inc., et al., and related cross-actions. U.S. District Court, Southern District Case No. 03 CV 1146-B (POR)
- 21. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real Property Negotiations pursuant to Cal. Gov. Code sections 54954.5(b) and section 54956.8.
Property: 1.15 acre parcel located at the northern terminus of 13th Street in Imperial Beach
Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer under Negotiation: Sale – Terms of Payment and Conditions

- 22. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real property negotiations pursuant to Cal. Gov. Code sections 54954.5(b) and section 54956.8.
Property: Salt Plant – 17 acre parcel located at 1470 Bay Boulevard, San Diego
Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer
Negotiating Parties: United States Fish and Wildlife Service, GGTW, LLC
(current tenant) and/or other interested parties
Under Negotiation: Sale – terms and conditions
- 23. CONFERENCE WITH LABOR NEGOTIATORS:**
Labor negotiations pursuant to Cal. Gov. Code §54957.6.
Authority Designated Negotiators: Thella F. Bowens, President/CEO and Jeffrey Woodson, Vice President, Administration.
Employee Organization: Teamsters 911
- 24. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**
Pursuant to Government Code section 54956.9(a):
Borsboom v. San Diego County Regional Airport Authority, San Diego Superior Court Case No. 37-2009-00087627-CU-WT-CTL
- 25. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**
Pursuant to Government Code section 54956.9(a):
Save Our Heritage Organization v. San Diego Unified Port District, et al., San Diego Superior Court Case No. 37-2009-00097828-CU-TT-CTL
- 26. CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION**
(Cal. Gov. Code Section 54956.9(a)):
San Diego Unified Port District v. Argonaut Insurance Company, et al, L.A.S.C. GIC 874394

REPORT ON CLOSED SESSION: The Board reconvened into open Session at 5:25 P.M. There was no reportable action.

BOARD COMMENT:

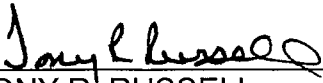
PRESIDENT/CEO REPORT:

GENERAL COUNSEL REPORT:

BOARD MEMBER REPORTS ON MEETINGS ATTENDED AT THE EXPENSE OF THE AUTHORITY:

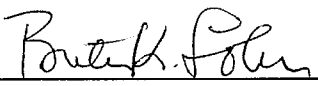
ADJOURNMENT: The meeting was adjourned at 5:26 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 7TH DAY OF JANUARY, 2010.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL