

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, JUNE 1, 2017
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 9:04 a.m. on Thursday, June 1, 2017, 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: Berman (Ex-Officio), Boling (Chairman), Desmond, Janney, Kersey, Robinson Schumacher, Sessom

ABSENT: Board Members: Cox, Gleason, Ortega (Ex Officio), Woodworth (Ex Officio)

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

PRESENTATIONS:

A. FEDERAL LEGISLATIVE UPDATE:

Mike Kulis, Director, Inter-Governmental Relations, and Sam Whitehorn, Signal Group provided a presentation on the Federal Legislative Update, which included Political Environment, Executive Orders, Major Legislative Issues, Infrastructure Initiative, FAA Reauthorization and the President's FY 18 Budget Proposal.

B. INNOVATION LAB UPDATE:

Rick Belliotti, Director, Innovation and Small Business Development provided a presentation on the Innovation Lab Update, which included, Background, Key Objectives, Lab Space, Lab Benefits, Examples in Other Sectors, Publicity, Implementation Vision, and Next Steps.

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 Committee met on May 11, 2017, with the Chief Auditor and General Counsel to review their goals and would meet again today in Closed Session for their performance evaluations. He also reported that the committee met with Kimberly Becker and that her performance evaluation will be held at the September Board meeting.
- **FINANCE COMMITTEE:** Chairman Boling reported that at the May 22 Finance Committee meeting, the Committee reviewed the financial statements and investment report and recommended amendments to Policies 4.20 and 4.40 which are on the consent agenda today.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** None.
- **ART ADVISORY COMMITTEE:** None.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN:** None.
- **CALTRANS:** Board Member Berman (Ex Officio) reported that Chris Schmidt, Caltrans representative to the Advisory Committee has taken a job in Sacramento and Barbara Kent is the interim Advisory Committee Member. She also reported that San Diego has been designated as an autonomous vehicle testing ground and with the passing of Senate Bill 1, work can begin on deferred maintenance projects.
- **INTER-GOVERNMENTAL AFFAIRS:** Mike Kulis, Director, Inter-Governmental Relations, reported that President Trump released his \$4.1 Trillion FY 2018 budget proposal, which staff and the Authority's legislative consultants are currently monitoring. He also reported that staff provided an airport briefing and tour for the Young Legislators Program on May 20th and will do so on June 27th for San Diego City Attorney, Mara Elliott.
- **MILITARY AFFAIRS:** None.
- **PORT:** None.
- **WORLD TRADE CENTER:** None.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Janney reported that a joint meeting with the Regional Planning Committee is scheduled for tomorrow.

CHAIR'S REPORT: Chairman Boling reported that on May 5th she attended the Edelweiss Air Promotion event in Zurich and that the event was very well received, with the new service launching June 9th. She also reported upon her arrival at the San Diego International Airport she was assisted by Traffic Officers and thanked them for their attentiveness and great customer service.

PRESIDENT/CEO'S REPORT: Kimberly Becker, President/CEO, reported that she attended the ACI-NA's 2017 Airport Construction Strategy Summit in Los Angeles and that the sessions focused on improving capital project delivery, managing construction, project delivery risks and P3's. She reported that Iraj Ghaemi and Bob Bolton represented SAN on two panels. She also reported that TSA cannot offer additional staffing for the summer travel season and that the Airport is launching its Checkpoint Assistant program for the second consecutive year. She reported that Checkpoint Assistants will work in shifts between the hours of 5 a.m. – 7 p.m. at security checkpoints, based on need, to support the TSA in non-essential roles, such as passenger divesting and bin running, and the Federal Inspection Service (FIS) to manage lines and offer directional assistance.

NON-AGENDA PUBLIC COMMENT: None.

CONSENT AGENDA (Items 1-12):

ACTION: Moved by Board Member Robinson and seconded by Board Member Desmond to approve the Consent Agenda. Motion carried by the following vote: YES – Boling, Desmond, Janney, Kersey, Robinson, Schumacher, Sessom; NO – None; ABSENT – Cox, Gleason (Weighted Vote Points: YES – 78; NO – 0; ABSENT – 22).

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the May 4, 2017 regular meeting and April 24, 2017 Special 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 APRIL 10, 2017 THROUGH MAY 7, 2017 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 10, 2017 THROUGH MAY 7, 2017:**
RECOMMENDATION: Receive the report.
4. **JUNE 2017 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2017-0046, approving the June 2017 Legislative Report.
5. **APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:**
RECOMMENDATION: Adopt Resolution No. 2017-0047, appointing Don Tartre to a new term as a Public Member to the Audit Committee.

CLAIMS

COMMITTEE RECOMMENDATIONS

6. **REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2017:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the information.
7. **FISCAL YEAR 2017 THIRD QUARTER ACTIVITIES REPORT AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the information.
8. **FISCAL YEAR 2018 PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2017-0048, approving the proposed Fiscal Year 2018 Audit Plan.
9. **ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY POLICY 4.20 – POLICY GUIDELINES FOR PRUDENT INVESTMENTS, DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, FINANCE AND ASSET MANAGEMENT/TREASURER:**
RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2017-0049, approving amendments to Authority Policy 4.20 – Policy Guidelines for Prudent Investments, and delegating authority to invest and manage Authority funds to the Vice President, Finance and Asset Management/Treasurer.

- 10. ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT:**
RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2017- 0050, approving amendments to Authority Policy 4.40 - Debt Issuance and Management Policy.

CONTRACTS AND AGREEMENTS

- 11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE SERVICE AGREEMENTS WITH CLEANTECH SAN DIEGO AND SENSEOPS FOR CONDENSATE SENSOR DEPLOYMENT UNDER THE SAN DIEGO FOUNDATION'S SMART CITIES & WATER SOLUTIONS GRANT PROGRAM:**
RECOMMENDATION: Adopt Resolution No. 2017-0051, approving and authorizing the President/CEO to execute service agreements with Cleantech San Diego and SenseOps for condensate sensor deployment, for a term extending to May 1, 2018.

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

- 12. ADOPT RESOLUTION NO. 2017-0042R REFLECTING CORRECT CONTRACT AMOUNT FOR PROJECT NO. 104210, TERMINAL TWO EAST IMPROVEMENTS:**
RECOMMENDATION: Adopt Resolution No. 2017-0042R, awarding a contract to Prava Construction Services, Inc. in the amount of \$3,581,683.22 for Project No. 104210, Terminal Two East Improvements at San Diego International Airport.

PUBLIC HEARINGS:

OLD BUSINESS:

- 13. DISCUSSION AND POSSIBLE ACTION REGARDING ASSEMBLY BILL 805:**
Mike Kulis, Director, Inter-Governmental Relations, provided a presentation on Assembly Bill 805 (AB805), which included, Background and Status of AB 805.

Board Member Desmond stated that he is opposed to AB 805 as it will hurt regional transportation and that it gives no voice to smaller cities with the amended weighted vote process.

Board Member Desmond made a motion to OPPOSE AB 805, Board Member Sessom seconded this motion and stated that the Airport is a part of the regional transportation system.

Board Member Kersey stated that Sacramento intervenes in local issues all the time and over reaches local control. He also stated that if the airport is to weigh in on this bill, it should be impactful to Airport operations, otherwise we risk diluting our voice if we weigh in on things that don't directly impact the Airport.

Board Member Schumacher expressed his support for the motion stating that Sacramento has been slowly chipping away at local control and that as this is a local issue, the control should stay with the San Diego Association of Governments (SANDAG).

Board Member Janney expressed his support for the motion and stated that it is terrible for legislation to get into this.

Board Member Desmond stated that with this bill, smaller cities won't have a voice or get the dollars they need for projects in their areas.

Board Member Sessom expressed concern that the agencies impacted cannot choose their leadership.

Chairman Boling stated that if the Board opposes AB 805 that the Board should be clear on what we do and don't agree with in the bill.

Board Member Desmond clarified his motion to OPPOSE AB 805 UNLESS AMENDED, to maintain the current Board voting process for SANDAG, San Diego Metropolitan Transit System (MTS), and North County Transit District (NCTD) and allow the Boards of SANDAG, MTS, and NCTD to select their own Chairs. Board Member Sessom seconded the motion.

RECOMMENDATION: Adopt Resolution No. 2017-0044, adopting a WATCH position on Assembly Bill 805.

ACTION: Moved by Board Member Desmond and seconded by Board Member Sessom to OPPOSE AB 805 UNLESS AMENDED to maintain the current Board voting process for SANDAG, MTS, and NCTD; and to allow the Boards of SANDAG, MTS, and NCTD to select their own Chairs. Motion carried by the following vote: YES – Boling, Desmond, Janney, Schumacher, Sessom; NO – Robinson; ABSENT – Cox, Gleason; ABSTAIN - Kersey (Weighted Vote Points: YES – 57; NO – 8; ABSENT – 22; ABSTAIN - 13).

NEW BUSINESS:

14. APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2018, THE CAPITAL PROGRAM FOR FISCAL YEARS 2018-2022, AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2019:

Scott Brickner, Vice President, Asset and Financial Management/Treasurer, provided a presentation on the SDCRAA FY 2018 Proposed Budget, Capital Program for FY 2018-2022, and FY 2019 Proposed Conceptual Budget, which included Budget Overview, Capital Program Budget, and Plan of Finance FY 2018-2022.

KAMRAN HAMIDI, SAN DIEGO, spoke regarding the taxi trip fee and cost recovery.

In response to Board Member Sessom's inquiry regarding whether the Airport is charging cost recovery or more than cost recovery for the taxi trip fee, Mr. Brickner stated that the taxi rate is based on cost recovery and does not exceed the amount of cost recovery.

Chairman Boling clarified that, as the Airport, we have the ability to charge fees that are reasonable, she stated that at this point, the Airport has chosen to base the access fee on cost recovery.

RECOMMENDATION: Adopt Resolution No. 2017-0053, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2018, the Capital Program for Fiscal Years 2018-2022, and conceptually approving the Operating Budget for Fiscal Year 2019.

ACTION: Moved by Board Member Sessom and seconded by Board Member Janney to approve staff's recommendation. Motion carried by the following vote: YES – Boling, Desmond, Janney, Kersey, Robinson, Schumacher, Sessom; NO –None; ABSENT – Cox, Gleason; (Weighted Vote Points: YES – 78; NO – 0; ABSENT – 22).

Board Member Sessom requested that an update on the letter received from SSP regarding concession pricing be added to the agenda, she questioned if the update would include if it is justified and how it addresses healthcare.

The Board recessed at 10:35 a.m. and reconvened at 10:53 a.m.

BOARD COMMENT: None.

CLOSED SESSION: The Board recessed into Closed Session at 10:53 a.m. to discuss Items 15, 23, 25 and 26.

- 15. 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
- 16. 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
- 17. 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

- 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)
The Receipt of a Government Claim from Cal-a-Vie Spa
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)
Navy Boat Channel Environmental Remediation
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)
Number of potential cases: 2
- 22. 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
- 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 REAL PROPERTY NEGOTIATORS AND WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Gov. Code §§54956.9(d)(e)(1) and 54954.5(b))
Property: Concession leases (food & beverage) with Host, High Flying Foods and SSP
Agency Negotiator: Scott Brickner, Kathy Kiefer and Eric Podnieks
Negotiating Parties: Host, High Flying Foods San Diego Partnership, SSP America, Inc. and Stellar Partners, Inc.
Under negotiation: rent (price and terms of payment), closure/conversion of locations, new concession buildout, ACDBE participation, lease compliance issues, claim by Host and close outs/permits.

25. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: General Counsel

26. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: Chief Auditor

REPORT ON CLOSED SESSION: The Board reconvened into Open Session at 12:40 p.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:

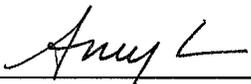
ADJOURNMENT: The meeting was adjourned at 12:40 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 6th DAY OF JULY, 2017.



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

APPROVED AS TO FORM:



AMY GONZALEZ
GENERAL COUNSEL