

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, MARCH 5, 2020
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 9:01 a.m. on Thursday, March 5, 2020, 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, Cox, Dockery (Ex-Officio), Kersey, McNamara, Robinson, Schiavoni

ABSENT: Board Members: Binns (Ex-Officio), Blakespear, Lloyd, Miller (Ex-Officio), West

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

Board Member Cox arrived to the meeting at 9:16 a.m.

PRESENTATIONS:

A. RECOGNITION OF “FLY QUIET” AWARD RECIPIENTS BY THE AIRPORT NOISE ADVISORY COMMITTEE (ANAC):

Sjohnna Knack, Program Manager, Planning & Environmental Affairs provided a presentation on the 2019 Fly Quiet Awards that included Goal of Fly Quiet, Large Domestic Carrier recipient, United Airlines, Small Domestic Carrier recipient Allegiant Airlines, International Carrier recipient Japan Airlines and the Most Improved Carrier recipient, American Airlines.

B. SDCERS PENSION UPDATE – REPORT ON THE ACTUARIAL VALUATION AS OF JUNE 30, 2019:

Gregg Rademacher, Chief Executive Officer, SDCERS and Marcelle Voorhies Rossman, Deputy Chief Executive Officer, SDCERS provided a presentation on the San Diego County Regional Airport Authority June 30, 2019 Actuarial Valuation Preliminary Results that included The Valuation Process, Balancing Funding Objectives, Discount Rate, Declining Interest Rates, Contributions, Assets and Liabilities, Preliminary Valuation Results, Sources of Change, Factors Contributing to UAL Changes, Timing and Required Disclosures.

C. DISCUSSION REGARDING THE PARAMETERS FOR THE FISCAL YEAR 2021 AND FISCAL YEAR 2022 OPERATING BUDGETS:

Scott Brickner, Vice President/CFO, and John Dillon, Director, Finance and Risk Management provided a presentation on the Parameters for the FY 2021 and FY 2022 Operating Budgets that included the Authority's Vision, Strategic Goals, Focus Areas, US Economy Growth, Oil Prices & Interest Rates, Rating Agencies Airport Outlook, General Airport Revenue Bonds and Variable Debt, General Airport Revenue Bond (GARB) and Variable Debt Service, GARB Debt Service Coverage, Special Facilities Bond Debt, Special Facilities Debt Service for RCC, Enplanements, Total Operating Revenue, Revenue Budget Parameters, Total Operating Expenses, Expense Budget Parameters and Budget – Timeline of Key Dates.

In response to Chairman Boling's concern that an update of the Enplanement forecast be given to the full Board before receiving the draft budget, Scott Brickner, Vice President, Treasurer/CFO stated an update will be provided before the Budget Workshop.

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

- **AUDIT COMMITTEE:** Board Member Kersey reported that on February 13th Committee welcomed new public member, Carmen Vann, and was introduced to the new lead external audit partner, Danny Martinez, from BKD. He also reported that the Committee received a report from the Chief Auditor on the activities performed the internal audit staff during the second quarter of Fiscal Year 2020.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** None.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.
- **FINANCE COMMITTEE:** Board Member Kersey reported that the Committee met on February 24 where routine reports were received.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Robinson reported that the Authority Advisory Committee met on February 19 where a comprehensive report of ongoing and upcoming Capital Improvement Projects was provided.
- **ART ADVISORY COMMITTEE:** Chris Chalupsky, Senior Manager, Art & Community Partnership, reported that the Arts Advisory Committee met on February 20 to approve the two selected artists for the Admiral Bolan Way Mural Project and to designate the selection panel for the ADP lead artist opportunity. He reported that the two local artists selected for the mural project are Aaron Glasson and Beliz Iristay and that they have been commissioned to create the designs for the north side of the campus to be completed in the spring of 2020.

He also reported that free general public arts tours continue at the airport and that they have accommodated almost 32 requests since launching the program in December.

LIAISONS

- **CALTRANS:** None.
- **INTER-GOVERNMENTAL AFFAIRS:** Board Member Cox reported that Board Member Kersey, President/CEO Kim Becker and the Authority's Government Relations staff joined the San Diego Regional Chamber's Delegation in Sacramento to advocate on issues important to the Airport and region. He also reported that meetings were held with the Undersecretary of the California Department of Transportation and members of the San Diego delegation in the California Senate and Assembly. He also reported that in February, staff from the Authority's Government Relations and Environmental Affairs departments participated in two days of advocacy in support of Sustainable Aviation Fuel budget request in the California State Legislature, and that the Authority joined with representatives from San Francisco International Airport, Los Angeles International Airport, United Airlines, and sustainable aviation fuel producers to meet with key Administration and Legislative leaders in Sacramento. He also reported that the group requested that the state of California partner with airports, airlines, and fuel producers to help lower greenhouse gas emissions created by aircraft. He reported that the bill introduction deadline for the 2020 session of the legislature occurred two weeks ago and that Authority staff and consultants are continuing to review the bills to determine potential impacts to the Authority.
- **MILITARY AFFAIRS:** Board Member Dockery reported that efforts were made to repatriate 232 American citizens and residents from Wuhan, China in support of Health and Human Services and Centers for Disease Control and that this process has had minimal impact on the community.
- **PORT:** Chairman Boling reported that the next meeting will be held on March 9.
- **WORLD TRADE CENTER:** None.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:** Chairman Boling reported that the SANDAG Board of Directors met twice and that the first meeting began as a joint session with the Transportation Committee, during which there was a panel discussion regarding state requirements and modeling tools related to greenhouse gas emissions and vehicle miles traveled. She also reported that the Board unanimously approved the Interagency Memorandum of Understanding Regarding Major Regional Project among the City of San Diego, Airport Authority, Port District, and SANDAG. She reported that the only party that remains to approve the item is the City of San Diego, which will consider it on

March 9. She also reported that at the second meeting, SANDAG staff presented an update on the California Department of Finance population projections and the annual legislative program and a primer on Environmental Review for Transportation Improvements.

- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Schiavoni reported that the SANDAG Transportation Committee met twice and that the first meeting was a joint session with the full SANDAG Board of Directors that was focused on greenhouse gas emissions and vehicle miles traveled. She also reported that, at the second meeting, the Committee received a report on the California Department of Finance population projections that was later presented to the SANDAG Board. She also reported that they heard reports on the FY 2021 to FY 2025 TransNet program and transit-related revenues. She also reported that they received overviews on the impact of the Safer Affordable Fuel-Efficient Rule on the 2020 Regional Transportation Plan, the Comprehensive Multimodal Corridor plans and an update on the progress of the Regional Bikeway Program.

CHAIR'S REPORT: Chairman Boling reported that in February, the Authority participated in an Airport Connectivity panel hosted by the Downtown San Diego partnership. She reported that the event included a presentation by Dennis Probst, VP/CDO, on the transit and mobility enhancements included in the Airport Development Plan, which include service improvements to Metropolitan Transit System Route 992, the electric shuttle service from Old Town Transit Center, the inbound on-airport roadway and the transit-ready area between Terminals 1 and 2. She also reported that the Airline Support Building structure is being developed on the south side of the runway and that it will be leased to the airlines in support of their Belly Cargo operations, cabin service provisioning, and ground service equipment maintenance. She also reported that the Arts Program's new tour program continues to grow in popularity and that staff has fielded nearly 30 tour requests since December and is currently scheduling tours through May. She also reported that San Diego International Airport (SDIA) hosted a commercial film shoot for the hidden camera reality show called "Random Acts", where traveling families were rewarded for their random acts of kindness.

PRESIDENT/CEO'S REPORT: Kim Becker, President/CEO, provided an update on the status of the Coronavirus and its impact nationally and world-wide. She reported that SDIA has a direct flight to Japan, and therefore is monitoring the status of this country closely. She reported that on February 22 the Centers for Disease Control issued Level Two travel guidance for Japan, which recommends that older adults or those who have chronic medical conditions consider postponing travel to Japan. She reported that at the end of February the Airport Load Factors were at about 86% and that SDIA expects this number to decline significantly but will not know until an update is received from airline carriers. She reported that the Coronavirus impact is being felt industry-wide with passenger travel estimates projected to decrease 4.7 to 6% worldwide, and that SDIA is still adjusting internal projections due to international travel impacts, but domestic travel remains strong. She reported that the San Diego Convention Center confirmed that there has not been any event cancellations. She reported that SDIA staff is being reminded to wash their hands and use hand sanitizer stations that are located

throughout the terminals. She reported that more hand sanitizer stations are being deployed in the terminals, a higher level of cleaning is being completed and that most carriers have announced that they are completing deep cleanings of aircrafts. She reported that we are reviewing the Business Continuity Plan and Financial Resiliency Plan and putting some additional messages out to staff early next week. She also reported that SAN has been awarded a 2020 "GO by bike" mini-grant from SANDAG to implement the SAN Bike Education Airport Program (BEAP) that will install bike repair stations in Terminal 1 and 2 by mid-June. She also reported that in support of SAN's Clean Transportation Program that seeks to facilitate airport passengers and employees use of zero emission vehicles, the Administration building installed additional electric vehicle charging stations, which brings the total to more than 60 throughout the airports parking lots and structures. She also reported that on February 19 SAN hosted the 2nd Annual Mystery Shopper Program Award that honors all of the front-line concession employees for providing exceptional customer service to passengers.

NON-AGENDA PUBLIC COMMENT:

ROBERT GERMAN, LAKESIDE, representing Citizens Against Gillespie's Expansion & Low Flying Aircraft, expressed concern regarding inaccurate data provided by Authority staff related to Gillespie Field and requested documents and notes used to prepare the presentation for the 2020 Aviation Noise & Emission Symposium.

CONSENT AGENDA (Items 1-8):

ACTION: Moved by Board Member Kersey and seconded by Board Member Cox to approve the Consent Agenda. Motion carried by the following votes: YES – Boling, Cox, Kersey, McNamara, Robinson, Schiavoni; NO – None; ABSENT – Blakespear, Lloyd, West; (Weighted Vote Points: YES – 68; NO – 0; ABSENT – 32)

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 6, 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 JANUARY 13, 2020 THROUGH FEBRUARY 9, 2020 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JANUARY 13, 2020 THROUGH FEBRUARY 9, 2020:

RECOMMENDATION: Receive the report.

4. **MARCH 2020 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2020-0027, approving the March 2020 Legislative Report.

CLAIMS

5. **REJECT THE CLAIM OF BARBARA LEONARD:**
RECOMMENDATION: Adopt Resolution No. 2020-0028, rejecting the claim of Barbara Leonard.

COMMITTEE RECOMMENDATIONS

6. **FISCAL YEAR 2020 SECOND QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.

CONTRACTS AND AGREEMENTS

7. **AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 10, GROUP 6, PROJECT NO. 381006 TWENTY-SEVEN (27) NON-HISTORIC SINGLE-FAMILY AND MULTI-FAMILY UNITS ON EIGHTEEN (18) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2020-0029, awarding a contract to S&L Specialty Construction, Inc., in the amount of \$992,406.37 for Phase 10, Group 6, Project No. 381006, of the San Diego County Regional Airport Authority's ("Authority") Quieter Home Program.
8. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FOURTH AMENDMENT TO THE AGREEMENT WITH DEVANEY PATE MORRIS & CAMERON LLP:**
RECOMMENDATION: Adopt Resolution No. 2020-0030, approving and authorizing the President/CEO to execute a Fourth Amendment to the Agreement with Devaney Pate Morris & Cameron LLP for professional legal services extending the term for one year.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

9. **AUTHORIZE THE PRESIDENT/CEO TO GRANT A 30-YEAR FUEL SYSTEM LEASE AGREEMENT TO SAN FUEL COMPANY, LLC TO FINANCE, DESIGN, BUILD, OPERATE, AND MAINTAIN A FUEL SYSTEM FACILITY AT SAN DIEGO INTERNATIONAL AIRPORT AND AUTHORIZE THE PRESIDENT/CEO TO CONSENT TO RELATED ANCILLARY AGREEMENTS:**

Susan Diekman, Asset Manager, Revenue Generation & Partnership Development provided a presentation to Grant a 30-Year Fuel System Lease Agreement to SAN Fuel Company, LLC that included an Overview of Existing Fuel System Facility, Who is SAN Fuel Company, LLC, Key Considerations of the Fuel Lease, Business Terms, Aircraft Fuel Hydrant System, Fuel Distribution Projects, and Ancillary Agreements.

RECOMMENDATION: Adopt Resolution No. 2020-0031, authorizing the President/CEO to grant a thirty-year lease with SAN Fuel Company, LLC to finance, design, build, operate and maintain a fuel system facility at San Diego International Airport.

RECOMMENDATION: Adopt Resolution No. 2020-0032, authorizing the President/CEO to consent to Ancillary Agreements related to the operation and management of the fuel system facility by SAN Fuel Company, LLC at San Diego International Airport.

ACTION: Moved by Board Member Kersey and seconded by Board Member Robinson to approve staff's recommendation. Motion carried by the following votes: YES – Boling, Cox, Kersey, McNamara, Robinson, Schiavoni; NO – None; ABSENT – Blakespear, Lloyd, West; (Weighted Vote Points: YES – 68; NO – 0; ABSENT – 32)

10. **DISCUSSION AND POSSIBLE ACTION TO AMEND AUTHORITY POLICY 3.30 – BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT POLICY:**
Chairman Boling provided an overview of the request and expressed concern regarding the policy provision that allows Board Members to travel business class during international travel and suggested that it be eliminated.

Board Member Robinson stated that he is against making any changes to the policy stating that the policy was recently reviewed in 2018-2019; that it sends mixed messages to our customers if the Authority does not fly its officials business class during official business; that airline partners want the Authority to fly business class; that other Airport Authorities around the country, the Port District, and many other agencies allow business class travel during international business trips; that the Authority is transparent with Board travel and that the Board submits all pre-travel and business expenses to the Executive Committee for approval and that any concerns regarding travel expenses should be dealt with during that process; that international travel by Board members is rare; that

separate policies for Board and staff makes no sense when both are on the same business mission and that the policy allowing international business class travel has been in place since the Authority was first established in 2003.

Kim Becker, President/CEO, stated that she feels this is a budget issue and that the budget hasn't changed in several years. She also stated that it would be wise to set a process to reach out to Board members to identify travel and training requests that could be included in the budget. She also spoke regarding the need for Board members to attend trainings on issues such as concessions and suggested that adjustments be made to the budget to take into account training needs of the Board.

Board Member Schiavoni stated that travel is our business and that she understand that supporting the flight was part of bringing the flight to San Diego. She suggested that the policy should be left as is and address any issues at the Executive Committee meetings and that travel should be looked at strategically during the budget process to provide flexibility.

Board Member Cox suggested that the travel budget be adjusted to allow Board members to build business relationships and attend trainings.

Chairman Boling suggested that Board member travel be segmented into training and business relationship building.

Board Member McNamara expressed concern regarding a double standard this would create between staff and Board Members.

Board Member Kersey expressed concern regarding the perception of the Authority by not utilizing business class for their Board's travel but asking other businesses to do so for their travel needs.

Chairman Boling requested that staff prepare and forward to Board a list of trainings that Board Members could attend.

The Board recessed at 10:59 a.m. and reconvened at 11:02 a.m.

CLOSED SESSION: The Board recessed into Closed Session at 11:03 a.m. to discuss Item 15.

11. **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

- 12. 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
- 13. 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
- 14. 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
- 15. 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
- 16. 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
- 17. 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
- 18. 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
- 19. 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

- 20. 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
- 21. 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

REPORT ON CLOSED SESSION: The Board adjourned out of Closed Session at 12:00 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:

BOARD COMMENT: None.

ADJOURNMENT: The meeting adjourned at 12:00 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 23rd DAY OF MARCH, 2020.

ATTEST:



TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:



AMY GONZALEZ
GENERAL COUNSEL