

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, JUNE 5, 2014
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER: Chair Gleason called the regular meeting of the San Diego County Regional Airport Authority Board to order at 9:13 a.m. on Thursday, June 5, 2014, in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Alvarez led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Alvarez, Cox, Desmond, Farnam
(Ex Officio), Gleason, Hubbs,
Robinson, Sessom

ABSENT: Board Members: Berman (Ex Officio), Boland, Ortega
(Ex Officio), Smisek

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General
Counsel; Tony R. Russell, Director, Corporate and Information
Governance/Authority Clerk; Lorraine Bennett, Assistant
Authority Clerk II

Chair Gleason read the biography of Eduardo Lopez in recognition of his service on the Rental Car Center project, and called for a moment of silence in his honor.

PRESENTATIONS: None.

**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 will meet on June 5, 2014 and June 18, 2014 in Closed Session to conduct the performance evaluations for the President/CEO, Chief Auditor, and General Counsel.

- **FINANCE COMMITTEE:** None

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** None
- **ART ADVISORY COMMITTEE:**
Chair Gleason reported that the Converging Ingenuities temporary rotating exhibit in the corridor connector of Terminal 2 East and Terminal 2 West is now open. He reported that the Reflection Room in Terminal 2 West is completed and an invocation ceremony will be held on June 20th.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN FOR SAN DIEGO INTERNATIONAL AIRPORT:** None
- **CALTRANS:** None
- **INTER-GOVERNMENTAL AFFAIRS:**
Board Member Cox reported that On May 13th and 14th, Airport Authority staff participated in the San Diego Chamber of Commerce delegation trip to Sacramento. On May 16th and 28th, Authority representatives briefed San Diego Councilmember Lorie Zapf and County Supervisor Ron Roberts on the Airport Development Plan respectively. He also reported that Authority staff is scheduled to provide a briefing and airfield tour for San Diego Councilman Ed Harris on June 12th.
- **MILITARY AFFAIRS:**
Colonel Farnam reported that the Miramar Air Show is scheduled to take place later this year.
- **PORT:** None

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Board Member Hubbs reported that there have been discussions regarding the San Ysidro border transit station and alternatives related to the private sector portion, trolley costs and changing of the tracks.
- **WORLD TRADE CENTER:**
Chair Gleason reported that the World Trade Center continues its transition and the license holders, the Port, City and Airport, will be formulating a plan forward.

CHAIR'S REPORT:

Chair Gleason reported that there is a swearing in ceremony for Assembly Speaker Toni Atkins scheduled on June 6th at the Balboa Club in Balboa Park. He also reminded the Board that a list of upcoming conferences and delegation trips will be distributed to members, and he encouraged feedback regarding the upcoming conferences they would like to attend. He also announced his recent re-appointment to the Board.

PRESIDENT/CEO'S REPORT:

Thella F. Bowens, President/CEO, announced the opening of the PGA Tour Grill in Terminal 2 West. She reported that Delta Airlines, Southwest Airlines, and Alaska Airlines will commence new service. She also reported that effective on Thursday, June 5th, all Delta Air Lines flights, including those to Los Angeles, will operate out of Terminal 2.

NON-AGENDA PUBLIC COMMENT:

ADRIAN KWIATKOWSKI, SAN DIEGO, spoke on behalf of Anthony Carneiro, representing Advanced Shuttle, and reported that Advanced Shuttle has moved forward with the purchase of additional Alternative Fuel Vehicles. He also thanked the Board for allowing the shuttles to move forward with consortiums.

The Board recessed at 9:26 a.m. and reconvened at 9:29 a.m.

CONSENT AGENDA (Items 1-18):

ACTION: Moved by Board Member Desmond, and seconded by Board Member Robinson to approve the Consent Agenda. Motion carried by the following vote: YES – Alvarez, Cox, Desmond, Gleason, Hubbs, Robinson, Sessom; NO - None; ABSENT – Boland, Smisek. (Weighted Vote Points: YES - 75; NO - 0; ABSENT- 25).

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the May 1, 2014, 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 APRIL 7, 2014 THROUGH MAY 11, 2014 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 7, 2014 THROUGH MAY 11, 2014:**
RECOMMENDATION: Receive the report.
4. **JUNE 2014 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2014-0046, approving the June 2014 Legislative Report.
5. **APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:**
RECOMMENDATION: Adopt Resolution No. 2014-0047, appointing Don Tartre as a public member to the Audit Committee.
6. **PROPOSED ADOPTION OF PUBLIC PARKING RATE INCREASE:**
RECOMMENDATION: Adopt Resolution No. 2014-0048, approving an increase to certain public parking rates effective July 1, 2014.

CLAIMS

7. **REJECT THE CLAIM OF JOSEPH LAURIA AND ROSE LAURIA:**
RECOMMENDATION: Adopt Resolution No. 2014-0049, rejecting the claim of Joseph Lauria and Rose Lauria.

COMMITTEE RECOMMENDATIONS

8. **RESULTS OF THE QUALITY ASSESSMENT REVIEW:**
RECOMMENDATION: The Audit Committee recommends that the Board approve the report.
9. **REQUIRED COMMUNICATIONS FROM THE EXTERNAL AUDITOR TO THE AUDIT COMMITTEE ON THE FISCAL YEAR ENDED JUNE 30, 2014, FINANCIAL AND COMPLIANCE AUDIT:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the information.
10. **FISCAL YEAR 2014 THIRD QUARTER AUDIT ACTIVITIES REPORT AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.
11. **FISCAL YEAR 2015 PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board approve the proposed audit plan.

- 12. ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY
POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT POLICY:
RECOMMENDATION:** The Finance Committee recommends that the Board adopt Resolution No. 2014-0050, approving amendments to Authority Policy 4.40 - Debt Issuance and Management Policy.
- 13. ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY
POLICY 4.20 – GUIDELINES FOR PRUDENT INVESTMENTS, AND 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. 2014-0051, approving amendments to Authority Policy 4.20 - Guidelines for Prudent Investments, and delegation of authority to invest and manage Authority funds to the Vice President, Finance and Asset Management/Treasurer.

CONTRACTS AND AGREEMENTS

- 14. GRANT AN EASEMENT FOR GAS SERVICES TO SAN DIEGO GAS & ELECTRIC:
RECOMMENDATION:** Adopt Resolution No. 2014-0052, authorizing the President/CEO to negotiate and execute an Easement with San Diego Gas & Electric for Gas Services in support of the Rental Car Center, and Fixed Base Operator.
- 15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO INCREASE THE DURATION OF THE TURNER/PCL/FLATIRON JOINT VENTURE AGREEMENT FOR THE TERMINAL DEVELOPMENT PROGRAM CONTRACT 1: TERMINAL 2 WEST BUILDING AND AIRSIDE EXPANSION:
RECOMMENDATION:** Adopt Resolution No. 2014-0053, approving and authorizing the President/CEO to execute a Second Amendment to the agreement with Turner/PCL/Flatiron – A Joint Venture agreement, extending the agreement time from 1247 days to 1420 days, for Project No. 201301, Terminal Development Program (“TDP”) Contract 1: Terminal 2 West Building and Airside Expansion, at San Diego International Airport (“SDIA”).

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

16. **AWARD A CONTRACT TO S&L SPECIALTY CONTRACTING, INC., FOR QUIETER HOME PROGRAM PHASE 7, GROUP 10 (20 NON-HISTORIC SINGLE AND MULTI-FAMILY UNITS ON 12 RESIDENTIAL PROPERTIES AND 38 NON-HISTORIC DWELLING UNITS IN TWO CONDOMINIUM BUILDINGS LOCATED EAST AND WEST OF THE AIRPORT):**
RECOMMENDATION: Adopt Resolution No. 2014-0054, awarding a contract to S&L Specialty Contracting, Inc., in the amount of \$1,691,450, for Phase 7, Group 10, Project No. 380710, of the San Diego County Regional Airport Authority's ("Authority's") Quieter Home Program.
17. **AWARD A CONTRACT TO MARCON ENGINEERING, INC. TO CONSTRUCT TRITURATOR FOR TERMINAL LINK ROAD PROJECT NO. 104134:**
RECOMMENDATION: Adopt Resolution No. 2014-0055, awarding a contract to Marcon Engineering, Inc., in the amount of \$1,718,428.35, for Project No. 104134, to Construct Triturator, at San Diego International Airport.
18. **AUTHORIZE THE PRESIDENT/CEO TO CONSENT TO THE ASSIGNMENT OF THE POWER PURCHASE AGREEMENT AND SITE LEASE FROM BORREGO SOLAR SYSTEMS, INC. TO LINDBERG FIELD SOLAR 1, LLC:**
RECOMMENDATION: Adopt Resolution No. 2014-0056, authorizing the President/CEO to consent to the assignment of the Power Purchase Agreement and Site Lease from Borrego Solar Systems, Inc. to Lindberg Field Solar 1, LLC.

PUBLIC HEARINGS: None

OLD BUSINESS: None

NEW BUSINESS:

19. **APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2015, THE CAPITAL PROGRAM FOR FISCAL YEARS 2015-2019, AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2016:**
Chair Gleason disclosed ex-parte communications with Adrian Kwiatkowski, representing Transportation Alliance Group (TAG).

Board Member Robinson disclosed ex-parte communications with Adrian Kwiatkowski, representing TAG.

Board Member Hubbs disclosed ex-parte communications with Adrian Kwiatkowski, representing TAG.

Board Member Desmond disclosed ex-parte communications with Adrian Kwiatkowski, representing TAG.

Scott Brickner, Vice President, Finance & Asset Management/Treasurer, provided a presentation on the San Diego County Regional Airport Authority Fiscal Year 2015 Proposed Budget and Fiscal Year 2016 Proposed Conceptual Budget, which included Revenue Budget Overview, Expense Budget Overview, Capital Program Budget for Fiscal Years 2015-2019, and Plan of Finance for Fiscal Years 2015-2019.

Board Member Robinson requested that staff provide a status update to the Board as soon as possible, regarding funding for the parking structure.

ADRIAN KWIATKOWSKI, SAN DIEGO, representing the Transportation Alliance Group, San Diego (TAG), provided a presentation, which included Ground Transportation Permit and Trip Fees, Challenges, Projection Chart, TAG Proposals, and TAG Proposed Ground Transportation Permit and Trip Fees.

ANNE DANIELLS, SAN DIEGO, representing Torrey Pines Transportation, explained the challenges associated with charter vehicle conversions. She requested that the Authority maintain the 25% discount for vehicle conversions and to limit the 2015 penalty to 25%.

CARELYN REYNOLDS, SAN DIEGO, asked the Board to direct staff to work with industry stakeholders for viable incentives, and that the collection of the current 75% penalty for non-conversion be postponed.

LISA MCGHEE, representing TAG, spoke about the issues regarding vehicle conversions and trip fees. She requested additional time for discussions with stakeholders, to seek solutions.

In response to Board Member Hubbs regarding what percentage of the charter limousines have been converted, Angela Shafer-Payne, Vice President, Operations responded that they are at six percent conversion.

In response to Board Member Desmond about whether the Authority will achieve its goal for full conversion by 2017, Mr. Brickner stated that there are challenges with limousine conversions, and that staff will be coming back to the Board in September with suggestions on ways to improve the program.

In response to Board Member Cox regarding whether there is any flexibility with the Attorney General's (AG) 2017 fuel conversion deadline, Bret Lobner, General Counsel, stated that there are no enforcement provisions in the Memorandum of Understanding (MOU), but rather, that the Authority use its best efforts to reach a result. He stated that if the program is unsuccessful, the Authority would have to contact the Attorney General to meet its obligation. He also stated that the AG MOU only addressed shuttles, and that it does not address taxicabs and limousines, and, that the Authority adopted a broader policy that covers all ground transportation.

Board Member Sessom suggested meeting with the industries and to gain a better understanding of the MOU.

Board Member Alvarez suggested keeping on track with the original plan for vehicle conversions, and that staff conduct further research regarding conversion for the limousine industry.

Board Member Hubbs suggested waiting until September to look at potential adjustments to the vehicle conversion program. He expressed concerns with making money off of disincentives.

Thella Bowens, President/CEO, stated that if changes are made in September in terms of overall budget impacts to the revenues, then the expense budget would need to be adjusted.

Board Member Robinson requested that staff look at raising penalties for Transportation Network Companies (TNC's) who are operating illegally at the Airport, and to come back to the Board with a report.

Chair Gleason requested that staff place an item on the next Board Meeting agenda for a discussion and possible action regarding penalties for unlicensed TNC's operating at the Airport, and, information from the General Counsel regarding what would be involved with filing a cease and desist order for TNC's.

RECOMMENDATION: Adopt Resolution No. 2014-0057, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2015, the Capital Program for Fiscal Years 2015-2019, and conceptually approving the Operating Budget for Fiscal Year 2016.

ACTION: Moved by Board Member Desmond and seconded by Board Member Hubbs, to approve and adopt the Authority's Annual Operating Budget for Fiscal Year 2015, adjusting the ground transportation permit fees by leaving the base fees and discount for Alternative Fuel Vehicles as presented, and reducing the non-alternative fuel vehicle premium to 25%; the Capital Program for Fiscal Years 2015-2019, and conceptually approves the Operating Budget for Fiscal Year 2016. Motion carried by the following vote: YES – Alvarez, Cox, Desmond, Gleason, Hubbs, Robinson, Sessom; NO - None; ABSENT – Boland, Smisek. (Weighted Vote Points: YES - 75; NO - 0; ABSENT- 25).

CLOSED SESSION: The Board recessed into Closed Session at 10:50 a.m. to discuss Items 24 and 25.

- 20. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
(Real property negotiations pursuant to Cal. Gov. Code § 54954.5(b) and § 54956.8.)
Property: Salt Plant – 17 acre parcel located at 1470 Bay Boulevard, San Diego.
Agency Negotiators: Scott Brickner, Finance & Asset Management, Vice President/Treasurer.
Negotiating Parties: San Diego Gas & Electric, United States Fish and Wildlife Service, GGTW, LLC (current tenant) and/or other interested parties.
Under Negotiation: Sale – terms and conditions.
- 21. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Diego Concession Group, Inc. v. San Diego County Regional Airport Authority,
San Diego Superior Court Case No. 37-2012-00088083-CU-BT-CTL
- 22. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
(Cal. Gov. Code § 54956.9(a) and (d)(1).)
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
- 23. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Cornelius White v. San Diego County Regional Airport Authority,
San Diego Superior Court Case No. 37-2013-00057745-CU-WT-CTL.
- 24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Donna Wilson; John Wilson v. San Diego Port Authority; San Diego International Airport; San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2014-00015326-CU-PO-CTL
(Meyer)
- 25. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Initiation of litigation pursuant to Cal. Government Code § 54956.9(d).)
Number of cases: 1

- 26. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION AND EXISTING LITIGATION:**
(Significant exposure to litigation pursuant to Cal. Gov. Code §§ 54956.9(a) and 54956.9(b).)
Jay A. Bass, et al v. San Diego City Employees' Retirement System, et al.,
San Diego Superior Court Case No. 37-2013-00077566-CU-OE-CTL
- 27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to Cal. Gov. Code §§ 54956.9 (b) and 54954.5.)
Re: (Tentative) Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board regarding submission of technical reports pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1

REPORT ON CLOSED SESSION: The Board reconvened into Open Session at 11:08 a.m.

Chair Gleason reported that, in regards to Item 24, direction was provided to staff.

In regards to Item 25, Terminal 2 Ceiling Node, a public art project at San Diego International Airport, Bret Lobner, General Counsel, reported that the following action was taken:

ACTION: Moved by Board Member Cox and seconded by Board Member Alvarez to approve a settlement agreement in the amount of \$45,000 for the sub-contractor and \$16,000 for Mr. Hobson; require that Mr. Hobson release his stop notice; and that Mr. Hobson will have an option at the completion of the re-installation of the project to either accept attribution or not. Motion carried by the following vote: YES – Alvarez, Cox, Desmond, Gleason, Hubbs, Robinson, Sessom; NO – None; ABSENT – Boland, Smisek (Weighted Vote Points: YES – 75; NO – 0; ABSENT – 25).

NON-AGENDA PUBLIC COMMENT: None

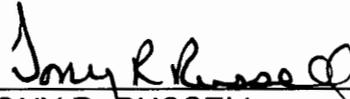
GENERAL COUNSEL REPORT: None

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 was adjourned at 11:16 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY BOARD THIS 7th DAY OF JULY, 2014.



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

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL