

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, APRIL 6, 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 9:01 a.m. on Thursday, April 6, 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 Berman (Ex Officio) led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Berman (Ex Officio), Boling, Cox, Desmond, Gleason, Janney, Kersey, Robinson, Sessom,

ABSENT: Board Members: Ortega (Ex Officio), Schumacher, Woodworth (Ex Officio)

ALSO PRESENT: Angela Shafer-Payne, Interim President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Corporate and Information Governance/Authority Clerk; Martha Morales, Assistant Authority Clerk I

Board Member Kersey arrived during the course of the meeting.

PRESENTATIONS:

A. ART PROGRAM POLICY 8.50:

Chris Chalupsky, Senior Manager, Vision, Voice, and Engagement; and Lauren Lockhart, Arts Program Manager, Vision, Voice, and Engagement provided a presentation on the Art Program Policy 8.50 which included The Arts Program at SAN, Airport Art Master Plan Process & Purpose, Master Plan Public Art Focus, Master Plan Guidelines for Gifts & Loans of Artwork, Green Build Public Art, Art Advisory Committee, 8.50 Policy Process & Evaluation Criteria Gifts & Loans of Artwork, Public Art Program Survey, and Looking Ahead.

Board Member Sessom stated if the Board has negative pushback on the policy in the future that perhaps the Board should weigh-in in support of the President/CEO'S decision to reject certain pieces of artwork. She stated that she would hope that the President/CEO would feel that they could bring them to the Board, not to change the policy, but to acknowledge the policy and that the Board wants to support its policy.

Board Member Cox stated that there should be a provision in the policy that allows the Board, if 3 or more Board Members express an interest, to review gifts and possibly come to a different conclusion. He expressed his agreement that a policy shouldn't be made for one issue or one piece of art. He requested that the Policy be brought back for review and possible amendment.

Board Member Gleason objected to the proposed amendment. He stated that our policy was developed with the help of outside consultants based on best practices and is consistently seen as the best in class art programs. He stated that he believes that the program is successful because politics and influence does not play a role in what we are presenting at the Airport. He stated that an amendment to the policy to allow that kind of intervention would be a really bad precedent. He suggested that the Board look at this issue during the Art Master Planning process and tackle this issue at a more appropriate time.

Board Member Robinson stated that the Board needs to weigh-in on occasion, on the President/CEO's decision on proposed donations.

Board Member Boling stated that there needs to be a clear line between the responsibilities of the Board and staff. She stated that the Board is in the business of setting policy and allowing staff to execute. She expressed concern with the precedence this sets. She stated that this item will be brought back to the Board within the next few months for possible action.

Board Member Sessom suggested that Authority Codes and Policies be periodically reviewed.

Board Member Kersey arrived at 9:16 a.m.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:** None.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
Board Member Janney reported that the next meeting is scheduled for April 20, 2017 and that the Committee will be reviewing the 2018-2022 Capital Improvement Program.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.
- **FINANCE COMMITTEE:**
Chairman Boling reported that on March 27, 2017 in depth presentations were made on the Financial Statements and Investments.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** None.
- **ART ADVISORY COMMITTEE:**
Board Member Gleason reported that the ongoing concert series at Sunset Cove has continued every Friday from 11:30 a.m. to 1:30 p.m. and this month's third Thursday concert series will feature Rumba Music by Gypsy Fiesta on April 20, 2017 at 11:30 a.m.; and that the Performing Arts Residency, transceDANCE, will be premiering on April 26, 2017 at 9:30 a.m. in the Terminal 2 West baggage claim area. He also reported that there is an Item on today's agenda to extend the term for the installation of the last public art project in the Rental Car Center due to a number of fabrication delays outside of their control; and that the Palm Street Observation project went out for public bid, but that the bids submitted came back much higher than the budget; and that the artist and design teams are working through the value engineering process for that site and staff is also researching potential private sponsorship options or other creative options to figure out how to build the project that was originally set forth. He also reported that there are two contracts for the FIS on today's agenda; and that the Arts program is partnering with Switch Foot, Grammy winning musicians, at Surf and Arts Festival in Encinitas for public outreach about the Art program.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN:**
Board Member Janney reported that he attended a meeting with Authority staff, City of Coronado, and Hotel Del Coronado and that the meeting went well.
- **CALTRANS:** None.
- **INTER-GOVERNMENTAL AFFAIRS:**
Board Member Cox reported that the United States Senate will be considering President Trump's nomination of Kenneth McAleenan for Commissioner of Customs and Border Protection; that the Authority's Legislative team conducted meetings with staff from the offices of Representative Scott Peters and Duncan Hunter during the recent Airport Industry Washington Legislative Conference.
- **MILITARY AFFAIRS:** None.
- **PORT:** None.
- **WORLD TRADE CENTER:**
Board Member Gleason reported that on March 29, 2017 the Regional Economic Development Corporation provided an update on the Work Plan for 2017.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:** None.

CHAIR'S REPORT: Chairman Boling reported that the Airport Authority joined Duty Free Partners for the official ribbon cutting ceremony for the first ever MAC Cosmetic kiosk located post security in Terminal 2 West; and that on March 28, 2017, representatives from Swiss Tourism, Lufthansa Group, and Edelweiss Airlines provided a briefing to Media and Tourism Partners about upcoming service to Zurich that begins June 9, 2017. She also reported that the President/CEO, Kimberly J. Becker, starts May 1, 2017.

PRESIDENT/CEO'S REPORT: Angela Shafer-Payne, Interim President/CEO, reported that Condor Airlines inaugural flight is less than a month away, and that press and gate events will be scheduled on May 2, 2017. She reported that the Federal Inspection Services Facility (FIS) is moving forward and that gates will be taken down towards the end of May as part of the demolition work; that the Terminal 2 West loading dock area, Shipley Media Center, and Carousel 8 are expected to close beginning April 8, 2017, and that Finance staff is working on a detailed funding schedule for the project which includes issuing general airport revenue bonds. She reported that the Board Chairman, Authority staff, staff from the City's Development Services Division and the Mayor's Chief of Staff met on April 10, 2017 to discuss the permits necessary and the timing of the FIS. She also reported that the first phase of this project includes four gates and a passenger processing facility scheduled to be operational in June 2018 and that phase two, to include two additional gates, is scheduled to be operational in June 2019. She reported that a new concessions promotion kicked off on March 20, 2017 and that the grand prize is round trip airfare for two, an \$800 voucher from Hotels.com, three days of complimentary valet parking, \$500 SAN shopping spree, and \$100 to spend in SAN restaurants for pre-flight meals; and that entrants are asked to provide information regarding their parking behavior. She also reported that a new SDIA exhibit opened at the Air and Space Museum on April 1, 2017.

In response to Board Member Sessom regarding what personal information will be collected during the concessions promotion events and how it would be shared, Diana Lucero, Director, Vision, Voice, and Engagement stated that she would confirm and inform the Board on the potential personal information being collected and shared.

NON-AGENDA PUBLIC COMMENT:

GILLIAN ACKLAND, LA JOLLA, expressed concern about airport noise in her La Jolla neighborhood due to arrivals and departures at low altitude.

BEATRICE PARDO, LA JOLLA, expressed concern about airport noise in her La Jolla neighborhood and spoke regarding a letter the SDCRAA sent to the Federal Aviation Administration (FAA) in regards to the SoCal Metroplex.

Board Member Cox questioned if a response had been received from the Federal Aviation Administration as requested in our September 2015 letter.

Board Member Boling requested that Staff investigate whether the final phase of the SoCal Metroplex was fully implemented and to provide a follow up report to the Board.

In response to Board Member Sessom's question regarding whether Phoenix Sky Harbor sued the FAA over the Metroplex, Amy Gonzalez, General Counsel, stated that she will provide a memo to the Board regarding all litigation on the Metroplex.

Board Member Gleason stated that he would like to understand the noise information for La Jolla to include the altitude.

CONSENT AGENDA (Items 1-18):

ACTION: Moved by Board Member Robinson and seconded by Board Member Kersey to approve the Consent Agenda, noting Board Member Gleason's RECUSAL on Item 8. Motion carried by the following Vote: YES – Boling, Cox, Desmond, Gleason, Janney, Kersey, Robinson, Sessom; NO – None; ABSENT – Schumacher (Weighted Vote Points: YES – 88; NO – 0; ABSENT – 12).

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the March 2, 2017 regular meeting and March 20, 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 FEBRUARY 6, 2017 THROUGH MARCH 12, 2017 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM FEBRUARY 6, 2017 THROUGH MARCH 12, 2017:**
RECOMMENDATION: Receive the report.

CLAIMS

4. **REJECT THE CLAIM OF AMANDA JOHNSON:**
RECOMMENDATION: Adopt Resolution No. 2017-0025, rejecting the claim of Amanda Johnson.

5. **REJECT THE CLAIM OF AUDRA MARKMAN:**
RECOMMENDATION: Adopt Resolution No. 2017-0026, rejecting the claim of Audra Markman.
6. **REJECT THE CLAIM OF CAL-A-VIE SPA:**
RECOMMENDATION: Adopt Resolution No. 2017-0027, rejecting the claim of Cal-a-Vie Spa.

COMMITTEE RECOMMENDATIONS

7. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH FRASCA & ASSOCIATES, LLC FOR FINANCIAL ADVISORY SERVICES:**
RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2017-0028, approving and authorizing the President/CEO to execute an agreement for Financial Advisory Services with Frasca & Associates LLC for a term of three (3) years with two (2) one-year options to extend the term with a maximum amount payable not-to-exceed \$2,500,000.
8. **AUTHORIZATION OF A SUBORDINATE REVOLVING DRAWDOWN BOND PROGRAM WITH RBC CAPITAL MARKETS, LLC OF UP TO \$100,000,000 AND AN EXTENSION OF AN AMENDMENT TO THE EXISTING US BANK \$125,000,000 REVOLVING CREDIT AGREEMENT:**
RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2017-0029, reauthorizing revolving line of credit in an aggregate principal amount not to exceed \$125,000,000 outstanding at any one time and approving a first amendment to revolving credit agreement and certain other matters; and authorizing the issuance and/or incurrence of San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds from time to time in the form of a revolving drawdown bond program in an aggregate principal amount not to exceed \$100,000,000 outstanding at any one time, and approving a Fourth Supplemental Subordinate Trust Indenture, a Bondholder's Agreement, a Bond Purchase Agreement, and certain documents and matters related to the subordinate drawdown bonds.
9. **FISCAL YEAR 2017 SECOND QUARTER ACTIVITIES REPORT AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.

- 10. AWARD AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A CONTRACT WITH AARON T. STEPHAN TO DESIGN, PRODUCE AND INSTALL INTEGRATED ARTWORK FOR THE FIS ATRIUM SUSPENDED PUBLIC ART OPPORTUNITY:**
RECOMMENDATION: The Art Advisory Committee recommends that the Board adopt Resolution No. 2017-0030, awarding and authorizing the President/CEO to execute a contract with Aaron T. Stephan to design, produce and install integrated artwork for the FIS Atrium Suspended Public Art Opportunity in an amount not-to-exceed \$300,000.
- 11. AWARD AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A CONTRACT WITH HOOD DESIGN TO DESIGN, PRODUCE AND INSTALL INTEGRATED ARTWORK FOR THE FIS GLASS PARTITION WALL PUBLIC ART OPPORTUNITY:**
RECOMMENDATION: The Art Advisory Committee recommends that the Board adopt Resolution No. 2017-0031, awarding and authorizing the President/CEO to execute a contract with Hood Design to design, produce and install integrated artwork for the FIS Glass Partition Wall Public Art Opportunity in amount not-to-exceed \$950,000.

CONTRACTS AND AGREEMENTS

- 12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A PUBLIC IMPROVEMENT MAINTENANCE AGREEMENT WITH THE CITY OF SAN DIEGO:**
RECOMMENDATION: Adopt Resolution No. 2017-0032, approving and authorizing the President/CEO to negotiate and execute a Public Improvement Maintenance Agreement with the City of San Diego for an airport noise pole monitoring site.
- 13. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO THE PROFESSIONAL LEGAL SERVICES AGREEMENT WITH BEST BEST & KRIEGER:**
RECOMMENDATION: Adopt Resolution No. 2017- 0033, approving and authorizing the President/CEO to execute a Second Amendment to the Agreement with Best Best & Krieger LLP for Professional Legal Services extending the term for one year and increasing the compensation amount by \$200,000 for a total not-to-exceed amount of \$800,000.
- 14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE PROFESSIONAL LEGAL SERVICES AGREEMENT WITH MEYERS NAVE RIBACK SILVER AND WILSON:**
RECOMMENDATION: Adopt Resolution No. 2017-0034, approving and authorizing the President/CEO to execute a First Amendment to the Agreement with Meyers Nave Riback Silver & Wilson for Professional Legal Services extending the term for one year.

- 15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A THIRD AMENDMENT TO THE PUBLIC ART AGREEMENT WITH UEBERALL INTERNATIONAL, LLC FOR RENTAL CAR CENTER PUBLIC ART PROJECT:**
RECOMMENDATION: Adopt Resolution No. 2017-0035, approving and authorizing the President/CEO to execute a Third Amendment to the Public Art Agreement with Ueberall International, LLC to extend the term for four (4) months resulting in a termination date of August 31, 2017.

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

- 16. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN ENGINEERING CONSULTING SERVICES AGREEMENT WITH P2S ENGINEERING, INC.:**
RECOMMENDATION: Adopt Resolution No. 2017-0036, approving and authorizing the President/CEO to execute an Engineering Consulting Services Agreement with P2S Engineering, Inc., in an amount not-to-exceed \$5,000,000, for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO in support of the Central Utility Plant Optimization and Site Utilities Integration Program, at San Diego International Airport.
- 17. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN ON-CALL HAZARDOUS WASTE MANAGEMENT SERVICE AGREEMENT WITH OCEAN BLUE ENVIRONMENTAL SERVICES, INCORPORATED:**
RECOMMENDATION: Adopt Resolution No. 2017-0037, approving and authorizing the President/CEO to execute an On-Call Hazardous Waste Management Service Agreement with Ocean Blue Environmental Services, Incorporated, for a term of three years, with the option for two one-year extensions exercisable at the sole discretion of the President/CEO, in an amount not-to-exceed \$7,000,000.
- 18. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH FERRELLGAS, LP FOR ON-SITE PROPANE FUEL SUPPLIER FOR PARKING AND EMPLOYEE SHUTTLE BUSES:**
RECOMMENDATION: Adopt Resolution No. 2017-0038, approving and authorizing the President/CEO to execute an agreement with Ferrellgas, LP for on-site delivery and dispensing of liquid propane fuel to the parking and employee shuttle bus fleet operation, for a term of three years with two one-year options to extend and an amount not to exceed \$3,300,000.

PUBLIC HEARINGS: None.

OLD BUSINESS: None.

NEW BUSINESS:

19. APRIL 2017 LEGISLATIVE REPORT:

Matt Harris, Senior Director, Assets and Alliances, provided a presentation on the April 2017 Legislative Report which included New State Legislation, New Federal Legislation, and Recommended Action.

Board Member Desmond, requested that Assembly Bill 805 be pulled from the report because changes to SANDAG may affect the Airport. He requested that the Bill come back as a separate action item with a more detail.

Board Member Sessom, requested that Assembly Bill 1069 be pulled from the report because it affects TNC's and it be brought back to the Board with more information.

RECOMMENDATION: Adopt Resolution No. 2017-0024, approving the April 2017 Legislative Report.

ACTION: Moved by Board Member Desmond and seconded by Board Member Sessom to approve staff's recommendation as amended, removing AB805 and AB1069 from the report to be presented separately at a future meeting. Motion carried by the following Vote: YES – Boling, Cox, Desmond, Gleason, Janney, Kersey, Robinson, Sessom; NO – None; ABSENT – Shumacher (Weighted Vote Points: YES – 88; NO – 0; ABSENT – 12).

The Board recessed at 10:24 a.m. and reconvened at 10:41 a.m.

WORKSHOP:

20. REVIEW OF THE DRAFT FIVE-YEAR STRATEGIC PLAN FOR THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY:

Kurt Gering, Director of Talent, Culture, and Capability, presented the Five Year Strategic Plan which included SWOT Analysis, Vision Map, Current and Future State, The Decision-Making Process, Policies and Guidance for each Strategy, and Goals and Initiatives for each Strategy.

Board Member Gleason suggested specifying that connectivity domestically and internationally was meant as direct travel and clarifying that we have a license versus partnering with the World Trade Center. He also expressed concern that specifically naming race, ethnicity, and gender would give the impression that those are the only measures we care about.

The Board concurred to forward the Item to the May Board meeting for approval to include Board Member Gleason's suggested revisions.

RECOMMENDATION: Discuss the Draft Five-Year Strategic Plan.

ACTION: No action taken.

CLOSED SESSION: The Board did not recess into Closed Session.

- 21. 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
- 22. 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
- 23. 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
- 24. 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
- 25. 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.
- 26. 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

- 27. 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
- 28. 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
- 29. 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
- 30. PUBLIC EMPLOYEE APPOINTMENT:**
Cal. Gov. Code §54957
Title: President/Chief Executive Officer

REPORT ON CLOSED SESSION: 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 11:10 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 4th DAY OF MAY, 2017.



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

APPROVED AS TO FORM:



AMY GONZALEZ
GENERAL COUNSEL