

DRAFT

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT AND SPECIAL TERMINAL DEVELOPMENT PROGRAM COMMITTEE
MINUTES
MONDAY, FEBRUARY 6, 2012
BOARD ROOM**

CALL TO ORDER:

Chair Smisek called the meeting of the Audit and Special Terminal Development Program Committee to order at 10:00 a.m., on Monday, February 6, 2012, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Committee Member Hollingworth led the pledge of allegiance.

ROLL CALL:

Audit Committee

PRESENT: Committee Members: Gleason, Hollingworth, Hubbs, Smisek, Tartre, Van Sambeek

ABSENT: Committee Members: Young

Terminal Development Program

PRESENT: Committee Members: Boland, Hubbs, Panknin, Robinson

ABSENT: Committee Members: None

ALSO PRESENT: Angela Shafer-Payne, Vice President, Planning and Operations; Breton K. Lobner, General Counsel; Tony R. Russell, Director, Corporate Services/Authority Clerk; Linda D. Gehlken, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT: None

AUDIT COMMITTEE NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the November 14, 2011, regular meeting.

ACTION: Moved by Board Member Hubbs and seconded by Committee Member Hollingworth to approve staff's recommendation. Motion carried unanimously, noting Board Member Young as ABSENT.

2. UPDATE ON THE GREEN BUILD CONSTRUCTION AUDIT:

Mark Burchyett, Chief Auditor, provided an update on the Green Build construction audit, which included the Audit's Goals and Objectives; Lookback – Audit Process; Three Significant Observations: Observation 1 – Fully Absorb PFC Funding, Observation 2 – Markups of Pay Applications, Observation 3 – Structuring of Guaranteed Maximum Price Limits the Ability to Evaluate Funding Eligibility; Progress and Focused Awareness; and Audit Function Going Forward.

RECOMMENDATION: Staff recommends that the Audit Committee accept the report.

ACTION: Moved by Committee Member Van Sambeek and seconded by Committee Member Hollingworth to approve staff's recommendation. Motion carried unanimously, noting Board Member Young as ABSENT.

3. QUARTERLY AUDIT ACTIVITIES REPORT – FISCAL YEAR 2012 SECOND QUARTER, AND REPORT ON AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:

Mark Burchyett, Chief Auditor, provided a presentation on the FY12 Second Quarter Audit Activities, which included Audits in progress; Recommended Follow up; FY12 Performance Measure Outcomes; Summary of Ethics Inquiries; and Non-Audit Activities and On-going Activities.

Chair Smisek reported that he met with the President/CEO, Board Chair, and Chief Auditor to discuss what the policy should be relating to the role of the Audit Committee regarding auditing the P-Card program. He reported that the offices of Accounting, Chief Auditor, General Counsel, and Procurement are forming a working group to address this issue.

Committee Member Tartre requested that an additional column be added to a section of Appendix C – Soft Savings Estimate, to allow active reporting of information on the status of the items.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board for information and provide, if necessary, direction to staff on audit recommendations.

ACTION: Moved by Committee Member Tartre and seconded by Board Member Hubbs to forward this item to the Board for information. Motion carried unanimously, noting Board Member Young as ABSENT.

4. REVISION TO THE FISCAL YEAR 2012 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Fred Bolger, Manager, Audit Services, provided a report on the revisions to the FY2012 Audit Plan of the Office of the Chief Auditor.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board for information.

ACTION: Moved by Board Member Gleason and seconded by Board Member Hubbs to approve staff's recommendation. Motion carried unanimously, noting Board Member Young as ABSENT.

The Committee recessed at 11:08 a.m. and reconvened at 11:20 a.m.

TDP COMMITTEE NEW BUSINESS

5. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the October 11, 2011, regular meeting.

ACTION: Moved by Board Member Panknin and seconded by Board Member Robinson to approve staff's recommendation. Motion carried unanimously, noting Board Member Hubbs' ABSTENTION.

6. THE GREEN BUILD: SMALL BUSINESS DEVELOPMENT UPDATE:

Bob Silvas, Director, Small Business Development, provided an update on Small Business Development, which included Awards to Date; Remaining Packages; SBE Analysis; and Lessons Learned.

In response to Board Member Robinson's expressed concern regarding the low number of females participating, Breton Lobner, General Counsel, stated that in the State of California, established WBE programs have not, for the most part, been legally sustainable.

Chair Boland requested that staff provide the Committee information regarding the outreach efforts put forth in the area of Small Business as it relates to women.

Committee Member Hollingworth suggested that staff contact the Women's Business group at National University for more information.

Board Member Gleason requested that the local make up of the labor force be analyzed further by staff to provide insight on how to possibly incentivize participation by unrepresented groups, such as women, in future projects.

RECOMMENDATION: Receive the report.

ACTION: No action taken.

7. FINANCIAL OVERVIEW OF THE GREEN BUILD COSTS AND FUNDING SOURCES:

Vernon Evans, Vice President, Finance/Treasurer, provided a financial overview of the Green Build costs and funding sources that included Terminal Development Program by Contract; Terminal Development Program by Location; Terminal Development Program Grant Summary; Terminal Development Program PFC Summary; Plan of Finance Total – TDP; Terminal Development Program Cost Trend; and Bond Usage & Issuance Forecast.

RECOMMENDATION: Receive the update.

ACTION: No action taken.

8. GREEN BUILD UPDATE:

David Brush, Director, The Green Build, provided an update of the Green Build, which included Sunset Cove; Curtain Wall Testing; Landside – Elevated Departures Roadway; EDR Structure; CIDH Operation; Construction Status; C1 Key Milestones; C2 Key Milestones; Contingency Utilization; and Budget Status as of December 31, 2011.

RECOMMENDATION: Receive the update.

ACTION: No action taken.

ADJOURNMENT: The meeting was adjourned at 11:52 a.m.

APPROVED BY A MOTION OF THE TERMINAL DEVELOPMENT PROGRAM COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 10TH DAY OF APRIL, 2012.

BRYAN ENARSON
VICE PRESIDENT, DEVELOPMENT

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK