

**DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
EXECUTIVE AND FINANCE COMMITTEE MEETING MINUTES
MONDAY, SEPTEMBER 27, 2010
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER

Vice Chair Smisek called the regular meeting of the Executive and Finance Committee and the special Board Meeting to order at 9:03 a.m., Monday, September 27, 2010, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE

Board Member Finnila led the Pledge of Allegiance.

ROLL CALL

Executive Committee

Present:	Committee Members:	Cox, Smisek
Present:	Board Members:	Boland, Desmond
Absent:	Committee Members:	Gleason

Finance Committee

Present:	Committee Members:	Cox, Finnila, Panknin, Young
Absent:	Committee Members:	Robinson

Also Present: Jeffrey Woodson, Vice President, Administration; Amy Gonzalez, Senior Director, Counsel Services; Tony R. Russell, Director, Corporate Services/Authority Clerk; Sara Real, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT

NEW BUSINESS

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the August 23, 2010 Special Committee Meeting.

ACTION: Moved by Vice Chair Smisek and seconded by Board Member Cox to approve staff's recommendation. Motion carried unanimously, noting Chair Gleason as ABSENT.

FINANCE COMMITTEE NEW BUSINESS

2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE TWO MONTHS ENDED AUGUST 31, 2010:

Vernon Evans, Vice President, Finance/Treasurer, and Kathy Kiefer, Director, Accounting, provided a presentation on the Unaudited Financial Statements for the Two Months Ended August 31, 2010, which included Enplanements, Gross Landing Weight Units, Airport Parking Transactions, Airport Parking, Car Rental License Fees, Operating Revenues for the Month Ended August 31, 2010, Operating Expenses for the Month Ending August 31, 2010, Nonoperating Revenues and Expenses, Monthly Operating Revenues, Monthly Operating Expenses, Financial Summary, Nonoperating Revenues and Expenses, and Balance Sheets.

RECOMMENDATION: Receive the report.

Board Member Young arrived at 9:07 a.m.

3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF AUGUST 31, 2010:

Scott Brickner, Director, Financial Planning & Budget, provided a presentation on the Investment Report as of August 31, 2010, which included the Total Portfolio Summary, Portfolio Composition by Security Type, Portfolio Composition by Rating, Portfolio Composition by Maturity Distribution, and Benchmark Comparison.

RECOMMENDATION: Receive the report.

4. REVIEW OF THE SUMMARY OF OUTSTANDING COMMERCIAL PAPER:

Scott Brickner, Director, Financial Planning & Budget, provided a presentation on the Summary of Outstanding Commercial Paper.

Board Member Boland requested that the saving estimate on the bonds be reported at the next Board meeting.

RECOMMENDATION: Receive the report.

EXECUTIVE COMMITTEE NEW BUSINESS

5. PRE-APPROVAL OF TRAVEL REQUESTS AND APPROVAL OF BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REQUESTS FOR BOARD MEMBERS, THE PRESIDENT/CEO, THE CHIEF AUDITOR AND GENERAL COUNSEL:

Board Member Finnila requested to receive an update on the Authority policy regarding reimbursements on membership dues.

RECOMMENDATION: Pre-approve travel requests and approve business and travel expense reimbursement requests.

ACTION: Moved by Board Member Cox and seconded by Vice Chair Smisek to approve staff's recommendation. Motion carried unanimously, noting Chair Gleason as ABSENT.

6. DISCUSSION REGARDING AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH HSS, INC., FOR CONTRACT SECURITY SERVICES FOR FIVE (5) YEARS, INCLUDING TWO ONE-YEAR OPTIONS FOR A NON-TO-EXCEED AMOUNT OF \$15,000,000:

Vice Chair Smisek reported that the main discussion and action regarding this item will occur at the October 7, 2010 Board Meeting.

STEVE CLAYTON AND STEVE JONES, COTO DE CAZA, Universal Protection Services, expressed concern regarding the Request for Proposal (RFP) process, and urged the Committee to reevaluate the scoring system.

JOHN DADIAN, SAN DIEGO, representing Heritage Security, expressed concern with the process, and stated that Heritage did not receive an opportunity to renegotiate its costs.

ROBERT OLISLAGERS, COLORADO, spoke in support of the contract award to HSS, Inc.

MICHAEL LANAM, DENVER, COLORADO, HSS Inc., spoke in support of staff's recommendation.

BILL VAN DE WEYHE, SAN DIEGO, representing HSS Inc., expressed concern regarding safety certifications, and spoke regarding the process.

PENNY COHEY, ALTA DENA, spoke in support of HSS, Inc.

Board Member Panknin expressed concern that the current RFP process does not contain a local preference. He stated that the policy should be defined, and he requested that staff explain more thoroughly why the proposed awardee is the preferred vendor, despite their office being headquartered outside of San Diego.

Board Member Desmond spoke in support of a local business preference going forward. He further stated that if the rules were followed for this RFP, staff's recommendation should be accepted.

Amy Gonzalez, Director, Counsel Services, suggested that an agenda item be added to a future Board agenda to allow a Board discussion regarding defining a policy on local business preference.

Board Member Finnila questioned if the Procurement process was followed for this RFP, and she also questioned the validity of the Safety Act Certification.

Board Member Cox requested that staff provide information on the Safety Act Certification. He also stated that the local business preference should be dealt with up front and not after the fact. He also expressed concern regarding the RFP Process, and requested that the protest deadline be clarified. He further stated that if the process is not flawed, the award should stand.

In response to Board Member Cox regarding the protest deadline, Jana Vargas, Director, Procurement, stated that no protests were filed within the deadline.

RECOMMENDATION: Recommend that the Board authorize the President/CEO to execute an agreement with HSS, Inc., for contract security services for five (5) years including two (2) one-year options in a not-to-exceed amount of fifteen million dollars (\$15,000,000).

ACTION: Moved by Board Member Cox and seconded by Vice Chair Smisek to forward this item to the October 7, 2010 Board Meeting for further discussion and action. Motion carried unanimously, noting Chair Gleason as ABSENT.

REVIEW OF FUTURE AGENDAS

**7. REVIEW OF THE DRAFT AGENDA FOR THE OCTOBER 7, 2010
BOARD MEETING:**

Jeffrey Woodson, Vice President, Administration, provided an overview of the draft agenda for the October 7, 2010 Board Meeting.

Tony R. Russell, Director, Corporate Services/Authority Clerk, noted that the monthly reports heard today from the Finance Department will be placed on the Consent Agenda on a quarterly basis.

Board Member Panknin suggested that Item 17, Topics to be Considered by Advisory Committee, be placed at the front of the agenda to be heard near the Advisory Committee presentation. He further suggested that the Advisory Committee continue to work on the Regional Aviation Strategic Plan, the Terminal Development Program, as it pertains to mitigation of public impacts, as well as the North Side Development and the Intermodal Transit Center.

Mr. Woodson suggested that Item 20, Contractor Worker Retention, be placed at the top of Old Business.

**8. REVIEW OF THE DRAFT AGENDA FOR THE OCTOBER 7, 2010
AIRPORT LAND USE COMMISSION MEETING:**

Jeffrey Woodson, Vice President, Administration, provided an overview of the draft agenda for the October 7, 2010 Airport Land Use Commission Meeting.

PRESIDENT/CEO REPORT – None

NON-AGENDA PUBLIC COMMENT – None

COMMITTEE MEMBER COMMENTS – None

ADJOURNMENT

The meeting was adjourned at 10:12 a.m. The next meeting of the Executive and Finance Committees will be held on October 25, 2010, at 9:00 a.m. in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

APPROVED BY A MOTION OF THE EXECUTIVE COMMITTEE THIS 25th DAY OF OCTOBER, 2010.

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL