

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, MAY 3, 2018
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 9:00 a.m. on Thursday, May 3, 2018, in the Board Room at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Chairman Boling led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Boling, Desmond, Gubbins (Ex Officio),
Lloyd, Robinson, Schiavoni, Schumacher,
West

ABSENT: Board Members: Cox, Kersey, Wong-Hernandez (Ex Officio)
and Woodworth (Ex Officio)

ALSO PRESENT: Kimberly J. Becker, President/CEO; Lee Kaminetz, Director, Counsel
Services; Tony R. Russell, Director, Corporate and Information
Governance/Authority Clerk; Martha Morales, Assistant Authority
Clerk I

PRESENTATION:

A. SMALL BUSINESS DEVELOPMENT UPDATE:

Regina Brown, Small Business Development Program Manager, Vera Howell, Turner Construction and Chris Murphy, Swinerton Builders, provided a presentation on Small Business Development which included an Overview, the Mission, SAN's Small Business Initiatives, Disadvantaged Business Enterprise Program, Airport Concessionaire Disadvantaged Business Enterprise Program, Policy 5.12, Policy 5.14, Success Highlights, The Green Build, Rental Car Center, Terminal 2 Parking Plaza, Federal Inspection Station, and Turner School of Construction Management.

In response to Board Member Desmond's request, Ms. Brown stated that staff would send the definition of a local business to the Board.

Kim Becker, President/CEO, stated that staff is evaluating the policies defining Small and Local Businesses and will be coming back to the Board with recommendations in the fall.

In response to Chairman Boling regarding how the Authority ensures that businesses meet the requirements of a local business, Scott Brickner, Vice President, Finance & Asset Management/Treasurer, stated that as of now the Authority does not have a guaranteed way of verifying that at least 50% of their workforce reside in San Diego; and that Authority staff is working on finding ways to ensure that businesses meet the criteria.

Chairman Boling also questioned if there is an incentive to ensure they are in compliance.

B. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018:

Scott Brickner, Vice President, Finance & Asset Management/Treasurer, provided a presentation on the Review of the Unaudited Financial Statements for the Nine Months Ended March 31, 2018 which included Operating Revenues, Operating Expenses, Non-operating Revenue and Expenses, Financial Summary, and Statement of Net Position.

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

- **AUDIT COMMITTEE:** None.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Board Member Robinson reported that on April 19th staff provided updates on the Federal Inspection Station and Parking Plaza Projects. He also reported that the FIS space will be turned over to Customs and Border Protection on May 18th to prepare for a late June opening. He also reported that the Airport Development Program Delivery Methodology evaluation was reviewed in detail and that responses to questions from the Board Retreat as well as the joint evaluation work with the airlines were reviewed. He reported that as a result of airline discussions and the success of the four projects that the Airport Authority has delivered or is in the process of completing using the approach, staff recommended proceeding with a Progressive Design Build approach for the Airport Development Program if/when it proceeds; and that staff also discussed options being considered for the replacement of the Administration building, which would be demolished to make way for a new Terminal 1 if that project proceeds.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.
- **FINANCE COMMITTEE:** None.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** None.

- **ART ADVISORY COMMITTEE:** Chris Chalupsky, Senior Manager, Art and Community Partnership, reported that fourteen of the fifteen displays have been installed with the remainder of the displays being completed next week. He also reported that performing arts residency group, Astraeus Aerial Dance, will perform one last time on May 30th and the ongoing concert series continues with pianist Irving Flores performing May 4th. He reported that the public art project, *Dazzle*, on the Rental Car Center, has been awarded one national and one international design award. He also reported that, for the Parking Plaza, the light well artists design team are in their fabrication phase and installation is scheduled to begin next week; and that the Parking Plaza lobby entrance project by artist Mark Reigelman is now complete. He reported that, for the FIS, the meter-greeter atrium suspended artwork by artist Aaron t. Stephan is in the fabrication phase; and that the glass partition wall in the FIS is 90% installed. He also reported that the updates to the Arts master plan were presented to the Art Advisory Committee and ADP stakeholders last week; and that currently the project is in phase 3. He reported that in Terminal 2 East pre-security, the Arts Program's Design Ahead Initiative has installed the architectural models and design concepts of Terminal 1 that were created by High Tech High Chula Vista students.

LIAISONS

- **CALTRANS:** Ex Officio Board Member Gubbins thanked that the volunteers that assisted with the Annual Anti-Litter Day and Earth Day events; and welcomed anyone that was interested in adopting a Highway to contact him or his office. He also reported that the Annual Bike to Work Day is May 17th and that Cal-Trans' District Office in Old Town is hosting a pit stop from 6 a.m. to 9 a.m. and 3 p.m. to 5:30 p.m.
- **INTER-GOVERNMENTAL AFFAIRS:** Mike Kulis, Director, Intergovernmental Affairs, reported that on April 9th Airport Authority representatives provided update briefings to the offices of Assembly members Tom Lackey, Ash Kalra, Marie Waldron, Randy Voepel, Anna Caballero, Ken Cooley, Brian Maienschein, Caltrans Director Laurie Berman and Chief Deputy Director for the Department of Finance Jacqueline Wong-Hernandez. He also reported that on April 20th, Chair Boling and Authority staff met with Congressman Scott Peters to discuss the FAA Reauthorization bill and other Airport issues; and that on April 25th, Airport Authority staff testified before the Assembly Local Government Committee to communicate the Authority's position on AB 3119. He also reported that on April 27th, the House of Representatives approved a five-year FAA Reauthorization bill, and that it does not adjust the current Passenger Facility Charge cap, increase the current Airport Improvement Program funding level, or provide the Airport an opportunity to obtain nonstop service to Ronald Reagan Washington National Airport (DCA); and that the Senate is expected to consider their version of this legislation in June.
- **MILITARY AFFAIRS:** None.

- **PORT:** None.
- **WORLD TRADE CENTER:** None.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:** Chairman Boling reported that on April 6th Authority Staff provided an update on the Airport Development Plan and a status report for measures recommended in the Airport Transit Plan. She also reported, that on April 20th, the discussion continued on looking at how criteria will be established for the update to the Regional Transportation Plan.

CHAIR'S REPORT: Chairman Boling reported that on April 11th Lufthansa presented to San Diego Economic Development Corporation Board; and that several San Diego and German companies spoke about the importance of the flight connection. She also reported that on April 27th she presented to LEAD Influence regarding the Airport and how it is governed, funded, and what the plans are for the future.

PRESIDENT/CEO'S REPORT: Kimberly Becker, President/CEO, reported that the Airport Authority successfully hosted the American Association of Airport Executive's (AAAE) 90th Annual Conference and Exposition; and that on May 4th staff will support the Honor Flight San Diego as more than 80 World War II and Korean War veterans embark on a trip to Washington, DC to visit the war memorials. She also reported that the official ribbon cutting celebration for the Terminal 2 Parking Plaza will be on May 16th, ahead of the grand opening on May 19th; and that the project includes a net increase of nearly 1,700 parking stalls, state-of-the-art parking technology, two new public artworks, and a below-ground rainwater storage system. She also reported that the Innovation Lab has released two opportunities statements for Airport Innovations in Parking and Ways to Assist Passengers to Simplify the Airport Experience.

Board Member Desmond requested renderings of the Parking Plaza Public Art at the next Board Meeting.

NON-AGENDA PUBLIC COMMENT:

MIKAIL HUSSEIN, UNITED TAXI WORKERS OF SAN DIEGO, SAN DIEGO, spoke in regard to postponing the MOA renewal agenda item that is scheduled in June.

In response to Chairman Boling regarding if the MOA's can be delayed, Angela Shafer-Payne, Vice President, Operations, stated that the Memorandum of Agreement outlines the Customer Service side; and that the agenda item in June would be to brief the Board on changes to the agreements as it relates to customer service and not taxi permits and that the taxi permits will be renewing as planned.

KAMRAN HAMIDI, SAN DIEGO, provided a handout and presentation and spoke regarding the effects of the reduction of the insurance minimum requirement and issuing more taxi permits.

CONSENT AGENDA (Items 1-13):

ACTION: Moved by Board Member Desmond and seconded by Board Member West to approve the Consent Agenda. Motion carried by the following votes: YES – Boling, Desmond, Lloyd, Robinson, Schiavoni, Schumacher, West; NO – None; ABSENT – Cox, Kersey; (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 21).

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the March 9 and 10, 2018 special meeting, March 20, 2018 special meeting, and April 5, 2018 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 MARCH 12, 2018 THROUGH APRIL 8, 2018 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MARCH 12, 2018 THROUGH APRIL 8, 2018:

RECOMMENDATION: Receive the report.

4. MAY 2018 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2018-0038, approving the May 2018 Legislative Report.

5. AMENDMENT TO AUTHORITY POLICY 1.21 AND APPOINTMENT OF AUTHORITY ADVISORY COMMITTEE MEMBERS:

RECOMMENDATION: Adopt Resolution No. 2018-0039, amending Authority Policy 1.21 and approving appointments to the Authority Advisory Committee.

CLAIMS

COMMITTEE RECOMMENDATIONS

6. ACCEPTANCE OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2018:

RECOMMENDATION: The Finance Committee recommends that the Board accept the report.

7. ACCEPTANCE OF THE AUTHORITY'S INVESTMENT REPORT AS OF MARCH 31, 2018:

RECOMMENDATION: The Finance Committee recommends that the Board accept the report.

CONTRACTS AND AGREEMENTS

- 8. AUTHORIZATION OF AN AMENDMENT TO THE EXISTING RBC \$100,000,000 REVOLVING DRAWDOWN BONDS:**
RECOMMENDATION: Adopt Resolution No. 2018-0040, approving a first amendment to fourth supplemental subordinate trust indenture and certain other documents and matters related to the revolving drawdown bonds.
- 9. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 9, GROUP 5, PROJECT NO. 380905 SIXTEEN (16) HISTORIC MULTI-FAMILY AND SINGLE-FAMILY UNITS ON SEVEN (7) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2018-0041, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$925,000 for Phase 9, Group 5, Project No. 380905, of the San Diego County Regional Airport Authority's Quieter Home Program.
- 10. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO THE AGREEMENT WITH ANDERSON & KREIGER LLP:**
RECOMMENDATION: Adopt Resolution No. 2018-0044, approving and authorizing the President/CEO to execute a Second Amendment to the Agreement with Anderson & Kreiger LLP for Professional Legal Services increasing the term by one year and the compensation amount by \$200,000 for a total not-to-exceed amount of \$400,000.
- 11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE AGREEMENT WITH DEVANEY PATE MORRIS AND CAMERON LLP:**
RECOMMENDATION: Adopt Resolution No. 2018-0045, approving and authorizing the President/CEO to execute a First Amendment to the Agreement with Devaney Pate Morris and Cameron LLP for Professional Legal Services extending the term for one year and increasing the not-to-exceed compensation amount by \$200,000 for a total not-to-exceed amount of \$500,000.

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

- 12. AWARD A CONTRACT TO SOLPAC CONSTRUCTION, INC., DBA SOLTEK PACIFIC CONSTRUCTION COMPANY, FOR AIRLINE RELOCATIONS AT TERMINAL 1 WEST (T1W) AND TERMINAL 2 EAST (T2E), AND T1W COMMON USE PASSENGER PROCESSING SYSTEM (CUPPS) AT SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2018-0042, awarding a contract to SOLPAC Construction, Inc., dba Soltek Pacific Construction Company, in the amount of \$12,601,000.58 for Project No. 104237, Airline Relocations at Terminal 1 West (T1W) and Terminal 2 East (T2E), and Project No. 104241, T1W Common Use Passenger Processing System (CUPPS) at San Diego International Airport.

- 13. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A HEATING, VENTILATION, AND AIR CONDITIONING MAINTENANCE AND REPAIR SERVICE AGREEMENT:**

RECOMMENDATION: Adopt Resolution No. 2018-0046, approving and authorizing the President/CEO to execute an Agreement for Heating, Ventilation and Air Conditioning ("HVAC") Maintenance and Repair Service with Pacific Rim Mechanical Contractors Inc., for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO, for a total not-to-exceed amount of \$11,748,444, to provide HVAC maintenance and repair services at San Diego International Airport ("SDIA").

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

14. AUTHORIZE THE PRESIDENT / CEO TO EXECUTE A PROGRESSIVE DESIGN-BUILD AGREEMENT WITH SUNDT CONSTRUCTION, INC. FOR DESIGN AND CONSTRUCTION; AND TO NEGOTIATE AND EXECUTE WORK AUTHORIZATIONS FOR VALIDATION PHASE SERVICES, INITIAL DESIGN WORK, PROCUREMENT OF LONG LEAD ITEMS, AND EARLY CONSTRUCTION WORK OF THE AIRPORT SUPPORT FACILITIES:

Iraj Ghaemi, Director, Facilities Development, provided a presentation on Airport Support Facilities and Progressive Design-Build Contractor Selection which included Board Approved Projects in Fiscal Years 2018-2022, Benefits of the Progressive Design-Build delivery Method, Contractor Selection, Small/Local/Veteran Business Participation, and Inclusionary Approach and Outreach Plan Activities.

In response to Board Member Desmond regarding if Sundt can help verify if subcontractors live in San Diego County, Brad Kirsch, Project Director, Sundt, and Deanna Andrews, Small Business Development Manager, Sundt, confirmed their Labor Compliance department tracks whether their subcontractor's staff resides in San Diego and that they can provide the reports.

Board Member Desmond requested a copy of the Labor Compliance report and expressed concern over not having some type of incentive in place for Sundt to meet their goals.

Scott Brickner, Vice President, Finance and Asset Management/Treasurer, stated that staff can work with Legal to determine what can be done if goals aren't met.

RECOMMENDATION: Adopt Resolution No. 2018-0047, authorizing the President/CEO to (1) execute a Progressive Design-Build Agreement with Sundt Construction, Inc.; and (2) negotiate and execute Work Authorizations for validation phase services, initial design work, procurement of long lead items, and early construction work with Sundt Construction, Inc., within an amount not-to-exceed \$9,000,000 for project No. 104245, Airport Support Facilities Design-Build at San Diego International Airport.

ACTION: Moved by Board Member Schiavoni and seconded by Board Member West to approve staff's recommendation. Motion carried by the following votes: YES – Boling, Desmond, Lloyd, Robinson, Schiavoni, Schumacher, West; NO – None; ABSENT – Cox, Kersey; (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 21).

The Board recessed at 10:37 a.m. and reconvened at 10:40 a.m.

CLOSED SESSION: The Board recessed into Closed Session at 10:41 a.m. to discuss Items 17, 23, 24, and 25.

- 15. 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
- 16. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: K.S.A.N. L.L.C v. San Diego County Regional Airport Authority, et al. San Diego Superior Court Case No. 37-2017-00024982-CU-NP-CTL
- 17. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Juanita Robledo v. San Diego International Airport, et al.
San Diego Superior Court Case No. 37-2017-00008485-CU-PO-CTL
- 18. 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
- 19. 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: 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)
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
- 21. 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
- 22. 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

- 23. 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 Robert Bobbett and Request For Defense and Indemnity from the San Diego Unified Port District regarding the claim
- 24. 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 Donna Kashani and Request For Defense and Indemnity from the San Diego Unified Port District regarding the claim
- 25. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Airline Operating and Lease Agreement - San Diego International Airport Agency Negotiator: Kim Becker, Scott Brickner, Amy Gonzalez
Negotiating Parties: Alaska Airlines, Allegiant Airlines, American Airlines, British Airways, Delta Airlines, FedEx, JetBlue Airlines, Southwest Airlines Under Negotiation: price and terms of payment

REPORT ON CLOSED SESSION: The Board adjourned out of Closed Session at 11:45 a.m. Lee Kaminetz, Director, Counsel Services, reported that in regards to Item 17, the Board authorized General Counsel to enter into a settlement agreement with Juanita Robledo for \$25,000.00 which was approved 6-0-3 with Board Members Boling, Desmond, Lloyd, Robinson, Schumacher, and Schiavoni voting YES, noting Board Members Cox, Kersey and West as ABSENT. In regards to Items 23 and 24, the Board authorized General Counsel to approve the Tender of Defense from the San Diego Unified Port District in the Robert Bobbett and Donna Kashani litigation which was approved 6-0-3 with Board Members Boling, Desmond, Lloyd, Robinson, Schumacher, and Schiavoni voting YES, noting Board Members Cox, Kersey and West as ABSENT.

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 11:46 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 7th DAY OF JUNE, 2018.

ATTEST:



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

APPROVED AS TO FORM:



AMY GONZALEZ
GENERAL COUNSEL