

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SPECIAL BOARD AND EXECUTIVE AND FINANCE COMMITTEE MEETING  
MINUTES  
MONDAY, FEBRUARY 24, 2014  
SAN DIEGO INTERNATIONAL AIRPORT  
BOARD ROOM**

**CALL TO ORDER:**

Chair Gleason called the Special Board and Executive and Finance Committee meeting to order at 9:05 a.m., Monday, February 24, 2014, 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 Cox led the Pledge of Allegiance.

**ROLL CALL:**

***Board***

Present: Board Members: Alvarez, Boland, Cox, Gleason, Hubbs, Robinson, Sessom, Smisek

Absent: Board Members: Berman (Ex-Officio), Desmond, Farnam (Ex-Officio), Ortega (Ex-Officio)

***Executive Committee***

Present: Committee Members: Gleason, Robinson, Smisek

Absent: Committee Members: None

***Finance Committee***

Present: Committee Members: Alvarez, Cox, Hubbs, Robinson, Sessom

Absent: Committee Members: None

Also Present: Thella F. Bowens, President/CEO; Breton Lobner, General Counsel; Tony R. Russell, Director, Corporate & Information Governance/Authority Clerk; Lorraine Bennett, Assistant Authority Clerk II

## **NEW BUSINESS**

**1. APPROVAL OF MINUTES:**

**RECOMMENDATION:** Approve the minutes of the January 24, 2014, special meeting.

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

*Board Member Robinson arrived at 9:12 a.m.*

## **FINANCE COMMITTEE NEW BUSINESS**

**2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE SEVEN MONTHS ENDED JANUARY 31, 2014:**

Kathy Kiefer, Director, Accounting, provided a presentation on the Unaudited Financial Statements for the Seven Months Ended January 31, 2014, which included Enplanements, Gross Landing Weight Units, Car Rental License Fees, Parking Revenue, Food & Beverage Concession Revenue, Retail Concession Revenue, Total Terminal Concession Revenue; Operating Revenues for the Month Ended January 31, 2014 (Unaudited), Operating Expenses for the Month Ended January 31, 2014 (Unaudited), Financial Summary for the Month Ended January 31, 2014 (Unaudited), Nonoperating Revenue & Expenses for the Month Ended January 31, 2014 (Unaudited); Operating Revenues for the Seven Months Ended January 31, 2014 (Unaudited), Operating Expenses for the Seven Months Ended January 31, 2014 (Unaudited), Financial Summary for the Seven Months Ended January 31, 2014 (Unaudited), Nonoperating Revenues & Expenses for the Seven Months Ended January 31, 2014 (Unaudited), and Statements of Net Position (Unaudited).

Board Member Cox requested that the colors and definition of the lines in the graphs be consistent.

**RECOMMENDATION:** Receive the report.

**3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF JANUARY 31, 2014:**

Scott Brickner, Director, Financial Planning and Budget, provided a presentation on the Review of the Authority's Investment Report As of January 31, 2014, which included Total Portfolio Summary, Portfolio Composition by Security Type, Portfolio Type by Credit Rating, Portfolio Composition by Maturity Distribution, Benchmark Comparison, Detail of Security Holdings, Portfolio Investment Transactions, Bond Proceeds Summary, and Bond Proceeds Investment Transactions.

**RECOMMENDATION:** Receive the report.

**ACTION: Moved by Board Member Robinson and seconded by Board Member Hubbs to accept the staff's recommendation for Items 2 and 3. Motion carried unanimously.**

**4. PRESENTATION ON COMMERCIAL PAPER PROGRAM:**

Vernon Evans, Vice President, Finance/Treasurer provided a presentation on the Commercial Paper Program, which included Rationale for a Commercial Paper (CP) Program, Features of the CP Program, Taxable Historical Interest Rates, Tax-Exempt Historical Interest Rates, Background: Authority's CP Program, Recent CP Market Developments, Options, and Timetable.

Chair Gleason announced that Item 6 would be heard at this time.

**6. SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM UPDATE:**

Mark Hovey; Chief Executive Officer, San Diego City Employees' Retirement System, and Liza Crisafi, Chief Investment Officer, San Diego City Employees' Retirement System (SDCERS), provided a presentation on the June 30, 2013 Investment Returns & Actuarial Valuation, which included Historical Investment Performance, Total Fund Returns (Fiscal Year), Actual Asset Allocation As of June 30, 2013, The Actuarial Valuation Process, Key Results, Changes Since Last Valuation, Historical Trends Assets and Liabilities, Projections, and SDCERS Projections.

In response to Board Member Hubbs regarding whether the recent changes by the California Public Employees' Pension Reform Act (PEPRA) legislation will impact the Authority's unfunded liability in the long-term valuation, Mr. Hovey stated that the information will be provided to the Actuarial and SDCERS will report back to the Board.

In response to Board Member Sessom's concerns regarding the disconnect between the higher than anticipated salaries and less than expected Employee contributions, Mr. Hovey stated that SDCERS will provide clarification regarding this issue. She questioned how the wage increases was overlooked and not previously included in the Valuation.

**ACTION: No action taken.**

**5. DISCUSSION REGARDING FISCAL YEAR 2015 AND FISCAL YEAR 2016 OPERATING BUDGETS:**

Thella F. Bowens, President/CEO, introduced the Fiscal Year 2015 and Fiscal Year 2016 Operating Budgets Agenda, and presented the Organizational Strategies.

Scott Brickner, Director, Financial Planning and Budget, provided a presentation on the Fiscal Year 2015 and Fiscal Year 2016 Operating Budgets, which included Economic Update, Moody's Report, Budget Objectives, Authority Financial Snapshot, Budget Challenges, Governmental Accounting Standards Board (GASB) Statement 68, Budget Guidelines, and Budget Calendar.

Board Member Cox requested that staff add a bullet to the Fiscal Year 2015 – Fiscal Year 2016 Budget Guidelines for Cost Efficiencies, Savings, and reduced expenses.

Board Member Robinson requested staff to provide the projected increase in Enplanements for Fiscal Year 2012 and Fiscal Year 2013.

Board Member Hubbs requested staff to provide a report regarding funding and the long term plan for facilities replacement.

RECOMMENDATION: Provide direction to staff.

**ACTION: No action taken.**

#### **EXECUTIVE COMMITTEE NEW BUSINESS**

7. **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:**  
RECOMMENDATION: Pre-approve travel requests and approve business and travel expense reimbursement requests.

**ACTION: Moved by Board Member Smisek and seconded by Board Member Robinson to accept staff's recommendation. Motion carried, noting Chair Gleason's ABSTENTION.**

#### **REVIEW OF FUTURE AGENDAS**

8. **REVIEW OF THE DRAFT AGENDA FOR THE MARCH 6, 2014, BOARD MEETING:**  
Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the March 6, 2014 Board Meeting.

In regard to Item 13, "Rental Car Center Bus Procurement And Operation Contract Approval", Ms. Bowens requested that the item be pulled from this Agenda, and added to the April Board Agenda.

**9. REVIEW OF THE DRAFT AGENDA FOR THE MARCH 6, 2014, AIRPORT LAND USE COMMISSION MEETING:**

Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the March 6, 2014 ALUC Meeting.

In regard to Item 2, "Consistency Determination – Report of Land use Actions Determined To Be Consistent With Airport Land Use Compatibility Plans", it was noted that the item would be removed from the Agenda, due to there being no Consistency Determinations for the month of February.

**ACTION: Moved by Board Member Smisek and seconded by Board Member Robinson to accept Items 8 and 9 as amended. Motion carried unanimously.**

**BOARD BUSINESS**

**CLOSED SESSION:** The Board recessed into Closed Session at 10:37 a.m. to discuss Item 10.

**10. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**

Real Property negotiations pursuant to Cal. Gov. Code §54954.5(b) and §54956.8:

Property: 2980 Pacific Highway, San Diego, California

Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer and Troy Ann Leech, Director, Aviation & Commercial Business

Negotiating Party: President/CEO, San Diego World Trade Center

Under Negotiation: New or amended lease.

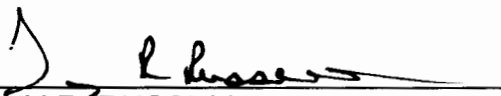
**REPORT ON CLOSED SESSION:** The Board reconvened into open session at 11:02 a.m. Chair Gleason reported that the Board provided direction to staff.

**COMMITTEE MEMBER COMMENTS:** None.

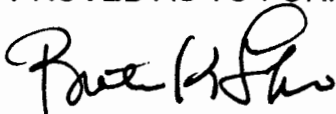
**ADJOURNMENT**

The meeting was adjourned at 11:03 a.m. The next meeting of the Executive and Finance Committee will be held on Monday, March 24, 2014, 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 BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 3<sup>RD</sup> DAY OF APRIL, 2014.

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

APPROVED AS TO FORM:

  
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BRETON K. LOBNER  
GENERAL COUNSEL