

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, FEBRUARY 10, 2011
BOARD ROOM**

CALL TO ORDER: Chair Gleason called the special meeting of the San Diego County Regional Airport Authority Board to order at 9:02 a.m. on Thursday, February 10, 2011, in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Richie led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Boland, Cox, Desmond, Gleason, Panknin, Robinson, Col. Richie (Ex-Officio), Smisek

ABSENT: Board Members: Berman (Ex-Officio), Young

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel; Tony R. Russell, Director, Corporate Services/Authority Clerk; Linda D. Gehlken, Assistant Authority Clerk I

PRESENTATION(S):

A. UPDATE ON LIFE CYCLE MANAGEMENT PROGRAM:

Wayne Harvey, Director, Facilities Management, provided a presentation on the Life Cycle Management Program that included Water Cost; Water Reduction; Electrical Reduction; Commissioning; LEED Certification; Financial Impact; and Energy Monitoring.

B. QUARTERLY FINANCIAL UPDATE ENDED DECEMBER 31, 2010:

Vernon Evans, Vice President, Finance/Treasurer, provided an update on the Quarterly Financial Ended December 31, 2010 that included Unaudited Financial Statements for the Six Months Ended December 31, 2010; Revenues and Expenses (Unaudited); Financial Summary for the Six Months Ended December 31, 2010 (Unaudited); Nonoperating Revenues and Expenses for the Six Months Ended December 31, 2010 (Unaudited); and Authority Investments.

C. CALENDAR FOR FY 2012 AND FY 2013 BUDGETS:

Vernon Evans, Vice President, Finance/Treasurer, provided an overview of the Calendar for FY 2012 and FY 2013 Budgets that included a Status and Timeline.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Board Member Smisek reported that the Committee met on February 7, 2011, and that the Committee received an update on the Green Build Audit. He also reported that a mid-year evaluation of the Chief Auditor was conducted by the Committee.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Desmond reported that the Committee met in January. He stated that a review and an update of the mid-year goals for the President/CEO and General Counsel were completed. He reported that the executives met all their mid-year goals, and also exceeded them in some areas.
- **FINANCE COMMITTEE:**
Board Member Cox reported that Items 8 and 9 on today's agenda were forwarded by the Committee to the Board for approval.
- **TERMINAL DEVELOPMENT PROGRAM COMMITTEE:**
Board Member Boland reported that the Committee met on January 11, 2011 and that Item 10 on today's agenda was forwarded by the Committee to correct a language error in the resolutions.
- **REGIONAL AVIATION STRATEGIC PLAN COMMITTEE:**
Board Member Boland reported that the Technical Report for the RASP has been completed, and that staff is presenting the information to a variety of stake holders. He also reported that the Technical Report is posted on the Authority's website, and that a final report will be presented to the Board at the March 3, 2011 meeting.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** None
- **PUBLIC ART ADVISORY COMMITTEE:** None

LIAISONS

- **CALTRANS:** None

- **INTER-GOVERNMENTAL AFFAIRS:**
Board Member Cox reported that on January 10, 2011 Congresswoman Susan Davis toured the airport, and received an update on the Green Build and other airport related projects. He reported that on February 16, 2011 Chair Gleason and Authority staff will be providing the City of San Diego Rules Committee an update on the Regional Aviation Strategic Plan. He also reported that on the same day, Authority staff will be providing Assembly Member Nathan Fletcher an update on airport program projects. He reported that Authority staff will be providing an update to the San Diego County Board of Supervisors on March 2, 2011. He also reported that Authority staff met recently with staff from the Offices of Congressmen Darrel Issa and Duncan Hunter to discuss the Federal Aviation Administration Re-Authorization Bill.
- **MILITARY AFFAIRS:**
Board Member Boland reported that this upcoming weekend will be the 100th Anniversary of Naval Aviation, and that Naval Air Station, North Island, will be hosting an Open House throughout the day on Saturday, February 12.
- **PORT:**
Thella F. Bowens, President/CEO, reported that the Port has reorganized their Executive Team, and that they have been proactive and responsive in addressing issues. She stated that a timeline of projects being addressed will be developed and provided to the Board.
- **AIRPORT LAND USE COMPATIBILITY PLAN FOR SAN DIEGO INTERNATIONAL AIRPORT:**
Board Member Robinson stated that two events were held in January: 1) a Special Board Meeting to educate the Board of the constraints that exist today on the airport, and 2) a SDIA - ALUCP kick-off Open House. He stated that a Steering Committee Meeting will be held on February 23, 2011.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Board Member Smisek reported that two meetings were held by SANDAG. He reported that the planning of the route for the High Speed Rail is still the primary focus at this time. He also reported that the 2050 Regional Transportation Plan is a constant work in progress, and that the latest discussions do not affect the airport.
- **WORLD TRADE CENTER:**
Board Member Panknin reported that the "China Business Outlook" event was successful, and that over 200 people attended.

CHAIR'S REPORT:

Chair Gleason reported that the Board Retreat will be held in March, and encouraged all Board Members to attend. He also reported that the Board Administrator will be sending the Board information regarding the opportunity to attend some upcoming conferences and/or events.

PRESIDENT/CEO'S REPORT:

Thella F. Bowens, President/CEO, reported that in January she provided a presentation to the Taxpayer Association and to the San Diego Regional Chamber of Commerce regarding the State of the Airport. She reported that the presentations included information regarding Bond sale and finances; the Green Build; the Concession Program; and the new Air Service coming to SDIA. Ms. Bowens reported that she attended meetings in California and in Washington D.C. relating to the Federal Aviation Administration Re-Authorization Bill, and that a full report will be provided to the Board later this month. She also reported that the Employee Opinion Survey was distributed to Authority employees, and that there was 90% participation.

NON-AGENDA PUBLIC COMMENT: None

CONSENT AGENDA (Items 1-14):

ACTION: Moved by Board Member Smisek and seconded by Board Member Desmond to approve the Consent Agenda. Motion carried by the following vote: YES - Boland, Cox, Desmond, Gleason, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 74; NO – None; ABSENT – 13)

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the December 20, 2010 special meeting, January 6, 2011 regular meeting, and January 18, 2011 special meeting.

2. ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS' WRITTEN REPORTS ON 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. FEBRUARY 2011 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2011-0013, approving the February 2011 Legislative Report.

4. APPOINTMENTS TO THE AUTHORITY ADVISORY COMMITTEE:

The Board is requested to approve the appointments.

RECOMMENDATION: Adopt Resolution No. 2011-0014, approving the appointment of Scott Alevy, Chris Cate, Patty Ducey-Brooks and Jim Neal to the Authority Advisory Committee.

CLAIMS

5. AUTHORIZE THE REJECTION OF THE CLAIM OF BETTE VAN VALKENBURG:

RECOMMENDATION: Adopt Resolution No. 2011-0015, authorizing the rejection of the claim of Bette Van Valkenburg.

6. AUTHORIZE THE REJECTION OF THE CLAIM OF MAUREEN RAFAEL:

RECOMMENDATION: Adopt Resolution No. 2011-0016, authorizing the rejection of the claim of Maureen Rafael.

7. AUTHORIZE THE REJECTION OF THE CLAIM OF ELAYNE WOLFENSON:

RECOMMENDATION: Adopt Resolution No. 2011-0017, authorizing the rejection of the claim of Elayne Wolfenson.

COMMITTEE RECOMMENDATIONS

8. RECEIVE THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2010:

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

9. RECEIVE THE AUTHORITY'S INVESTMENT REPORT AS OF DECEMBER 31, 2010:

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

10. CORRECT RESOLUTION NOS. 2010-0125, 2010-0126, 2010-0127 TO INDICATE THE AUTHORIZATIONS GRANTED TO THE PRESIDENT/CEO WERE FOR TASK AND WORK AUTHORIZATIONS:

RECOMMENDATION:

The Terminal Development Program Committee recommends that the Board:

Adopt Resolution No. 2011-0018, correcting Resolution No. 2010-0125 to indicate that the Board authorized the release of funds for the President/CEO to execute additional Work and Task Authorizations in an amount not-to-exceed seventy-nine million, fifteen thousand, thirty-eight dollars (\$79,015,038).

Adopt Resolution No. 2011-0022, correcting Resolution No. 2010-0126 to indicate that the Board authorized the release of funds for the President/CEO to execute additional Work and Task Authorizations in an amount not-to-exceed one hundred thirty-five million, twenty thousand, five hundred eighty-seven dollars (\$135,020,587).

Adopt Resolution No. 2011-0023, correcting Resolution No. 2010-0127 to indicate that the Board authorized the release of funds for the President/CEO to execute additional Work and Task Authorizations in an amount not-to-exceed one hundred twelve million, two hundred twenty-seven thousand, three hundred three dollars (\$112,227,303).

CONTRACTS AND AGREEMENTS

11. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM DECEMBER 13, 2010 THROUGH JANUARY 9, 2011 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM DECEMBER 13, 2010 THROUGH JANUARY 9, 2011:**
RECOMMENDATION: Receive the report.
12. **AWARD A CONTRACT TO ATLAS DEVELOPMENT CORPORATION, FOR QUIETER HOME PROGRAM PHASE 5, GROUP 8A (27 WEST SIDE, NON-HISTORIC, SINGLE FAMILY UNITS ON 27 RESIDENTIAL PROPERTIES):**
RECOMMENDATION: Adopt Resolution No. 2011-0019, awarding a contract to Atlas Development Corporation, in the amount of \$966,453, for Phase 5, Group 8A, Project No. 380508A, of the San Diego County Regional Airport Authority's Quieter Home Program.

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

13. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE ON-CALL FLOORING SERVICES AGREEMENTS WITH XTREME FLOORCOVERING SPECIALISTS, INC.; WIRTZ QUALITY INSTALLATIONS, INC.; INLAND FLOORING CONTRACTORS, INC.; AND DFS FLOORING:**
RECOMMENDATION: Adopt Resolution No. 2011-0020, approving and authorizing the President/CEO to execute On-Call Flooring Services Agreements with: Xtreme Floorcovering Specialists, Inc.; Wirtz Quality Installations, Inc.; Inland Flooring Contractors, Inc.; and DFS Flooring - each agreement for a three-year term and a not-to-exceed amount of \$3,000,000, to provide flooring services for the San Diego International Airport's ("SDIA's") Capital Major Maintenance Program.

- 14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE ON-CALL PLUMBING SERVICES AGREEMENTS WITH AMERI-MEX PLUMBING, INC.; BPI PLUMBING; ARE & R PLUMBING, INC.; AND DRAIN MEDIC, INC.:**
RECOMMENDATION: Adopt Resolution No. 2011-0021, approving and authorizing the President/CEO to execute On-Call Plumbing Services Agreements with:
Ameri-Mex Plumbing, Inc.; BPI Plumbing; Are & R Plumbing, Inc.; and Drain Medic, Inc. - each agreement for a three-year term and a not-to-exceed amount of \$3,000,000, to provide plumbing services for the San Diego International Airport's ("SDIA's") Capital Major Maintenance Program.

OLD BUSINESS:

- 15. BOARD DISCUSSION AND POSSIBLE ACTION REGARDING EMPLOYEE PURCHASES OF SERVICE CREDITS FROM THE SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM (SDCERS) (DISCUSSED AT THE SEPTEMBER 2, 2010 AND OCTOBER 7, 2010 BOARD MEETINGS):**
Jeff Lindeman, Director, Human Resources; and Mark Hovey, Chief Executive Officer, San Diego City Employees' Retirement System, provided a presentation regarding employee purchases of service credits from the San Diego City Employees' Retirement System (SDCERS) which included Background; and Current Considerations.

In response to Board Member Boland regarding what the fiscal impact would be for the Authority should it allow the two employees with the DROP designation to rescind from the contract, Mr. Hovey stated that the impact would be minimal. He stated that the employee would be on the payroll longer than expected.

In response to Board Member Desmond regarding whether staff had a recommendation for the Board in this regard, Mr. Lindeman stated that there was no staff recommendation.

Board Member Robinson stated that the Authority is not responsible for the SDCERS' underfunding of the plan.

In response to Board Member Desmond regarding the impact to the Authority if it doesn't cover the underfunded amount, Mr. Hovey stated that over time the Authority's unfunded actuarial liability would be reduced by approximately \$1.7 million.

MARY ERICKSON, SAN DIEGO, urged the Board and SDCERS to ensure that the agreement entered into by the employees in good faith for the purchase of Service Credits is honored.

CHRISTINE MURPHY, LA MESA, spoke regarding the great expense incurred by employees when purchasing Service Credits, and asked the Board to explore and consider any and all possible actions that could protect and prevent the affected employees from carrying the entire burden of this situation.

STEVE CORNELL, SAN DIEGO, spoke regarding the option to rescind from the DROP account contract, and expressed concern about the calculations used by SDCERS in regard to inactive employees. He questioned if the Authority could pay the rescind and repurchase amount.

Chair Gleason reported that this item will be continued until after the Board's discussions on Item 16.

REPORT FROM CITIZEN COMMITTEE:

• **AUTHORITY ADVISORY COMMITTEE:**

Bella Heule, Chair, Authority Advisory Committee, provided a report on the last Advisory Committee meeting held on January 19, 2011. She reported that Richard Beach, First Vice Chair, acknowledged the continued participation of the Ad Hoc North Side Working Group. She also reported that the Committee received an update presentation on the Green Build from Authority staff, and that the next meeting will be held on February 23, 2011.

CLOSED SESSION: The Board recessed into closed session at 10:30 A.M. to hear Items 16, 22 and 23.

16. CONFERENCE WITH LEGAL COUNSEL: ANTICIPATED LITIGATION:

Initiation of litigation pursuant to subdivision (c) of Section 54956.9: (1 case)

17. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

(Government Code Section 54956.9 (a)):

San Diego Unified Port District v. TDY Industries, Inc., et al., and related cross-actions. U.S. District Court, Southern District Case No. 03 CV 1146-B (POR).

18. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

Real property negotiations pursuant to Cal. Gov. Code Sections 54954.5(b) and section 54956.8.

Property: Salt Plant – 17 acre parcel located at 1470 Bay Boulevard, San Diego

Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer

Negotiating Parties: United States Fish and Wildlife Service, GGTW, LLC (current tenant) and/or other interested parties

Under Negotiation: Sale – terms and conditions.

- 19. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real Property Negotiations pursuant to Cal Gov. Code §§ 54954.5(b) and 54956.8
Property: 3.76 acre easement across MCRD and San Diego Unified Port District property located on the Washington Street extension south of Pacific Highway, in the City of San Diego, CA.
Agency negotiators: Vernon Evans, Vice President, Finance/Treasurer and Troy Ann Leech, Director, Real Estate Management.
Under Negotiation: Consideration of MCRD's request for exclusive use of portion of the easement; possible realignment of access and rights; acquisition of easement or right of way from the San Diego Unified Port District.
- 20. CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION:**
(Cal. Gov. Code Section 54956.9(a)):
City of San Diego, Historical Resources Board: In re: Western Salt Company Salt Works, Report No. HRB-08-005
- 21. CONFERENCE WITH LABOR NEGOTIATORS:**
Labor negotiations pursuant to Cal. Gov. Code §54957.6.
Authority Designated Negotiators: Thella F. Bowens, President/CEO; and Jeffrey Woodson, Vice President, Administration
Employee Organization: Teamsters 911
- 22. CONFERENCE WITH LEGAL COUNSEL-- EXISTING LITIGATION:**
(Cal.Gov. Code section 54956.9(a))
West Tech, Inc. v. San Diego County Regional Airport Authority, et al., L.A.S.C 37-2010-00106565-CU-BC-CTL
- 23. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
Pursuant to Government Code Section 54956.9(a):
Save Our Heritage Organization v. San Diego Unified Port District, et al., San Diego Superior Court Case No. 37-2009-00097828-CU-TT-CTL

REPORT ON CLOSED SESSION: The Board reconvened into open session at 11:48 A.M. Breton Lobner, General Counsel reported that in regards to Item 22 there was no reportable action and that in regards to Item 23, the Board voted 7-0 noting Board Member Young as ABSENT, to reject the settlement offer of \$25,000.

OLD BUSINESS (continued):

15. BOARD DISCUSSION AND POSSIBLE ACTION REGARDING EMPLOYEE PURCHASES OF SERVICE CREDITS FROM THE SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM (SDCERS) (DISCUSSED AT THE SEPTEMBER 2, 2010 AND OCTOBER 7, 2010 BOARD MEETINGS):

Board Member Robinson expressed concern for the Authority employees impacted by the SDCERS underfunding situation. He stated that based on sound and thorough legal advice, the Board has no alternative but to notify SDCERS that the Authority can no longer make up the shortfall payments for the employee Purchase of Service Credits, and that the Authority will seek to have credit for all the Purchase Service Credits made to date.

Board Member Cox stated that the Authority has been caught in the middle of this regrettable situation. He requested that staff investigate ways of providing assistance to the employees affected so as to somehow lessen the burden of the financial impact by possibly having funds rolled into other qualified programs.

Board Member Boland expressed concern regarding the way this issue has been addressed by SDCERS. He recommended that the Authority and SDCERS support these employees to the full extent of their ability as options are considered.

Chair Gleason expressed concern that the Authority has been placed in the position of resolving a problem of which it was not a party in creating. He stated that the Authority has no choice, from a legal perspective, but to take the action being taken today.

RECOMMENDATION: Provide direction to Staff on the San Diego County Regional Airport Authority's (Airport Authority) reply to the San Diego City Employees' Retirement System (SDCERS) Board of Administration's inquiry as to whether or not the Airport Authority wishes to exempt any or all of the affected employee Purchase of Service Credit (PSC) contracts from correction by continuing to fund the underpayment through the Airport Authority's Annual Required Contribution and, depending upon the Board's decision, also whether or not the Airport Authority would allow existing employees who entered into the Deferred Retirement Option Plan (DROP) to rescind their DROP contracts.

MOTION #1

ACTION: Moved by Board Member Robinson and seconded by Board Member Desmond to notify SDCERS immediately that the Authority will no longer make the shortfall payments for the Purchase of Service Credits; that the Authority seeks immediate credit for all payments made towards the purchase of service credits to date; and to authorize Authority staff to hire a consultant to assist with identifying ways to assist employees with softening the financial impact by allowing them to roll the funds into qualified programs. Motion carried by the following vote: YES - Boland, Cox, Desmond, Gleason, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 74; NO – None; ABSENT – 13)

MOTION #2

ACTION: Moved by Board Member Cox and seconded by Board Member Boland to allow individual employees who purchased Purchase of Service Credit and who entered into DROP to rescind their DROP contracts. Motion carried unanimously, noting Board Member Young as ABSENT. Motion carried by the following vote: YES - Boland, Cox, Desmond, Gleason, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 74; NO – None; ABSENT – 13)

PUBLIC HEARINGS: None

NEW BUSINESS: None

NON-AGENDA PUBLIC COMMENT: 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

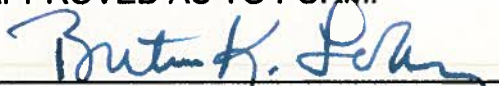
ADJOURNMENT: The meeting was adjourned at 11:55 A.M.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 3RD DAY OF MARCH, 2011.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL