

REVISED 2/5/09
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
FRIDAY, JANUARY 9, 2009
BOARD ROOM

CALL TO ORDER:

Chairperson Bersin called the special meeting of the San Diego County Regional Airport Authority Board to order at 9:00 a.m. Friday, January 9, 2009, at the San Diego International Airport, Board Room, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Miller led the pledge of allegiance.

ROLL CALL:

PRESENT: Board Members: Bersin, Boland, Desmond, Finnila, Miller, O'Connor (Ex-Officio), Panknin, Watkins, Young

ABSENT: Board Members: Orso-Delgado (Ex-Officio), Sheehy (Ex-Officio), Zettel

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

PUBLIC COMMENT:

JARVIS ROSS, SAN DIEGO, spoke in opposition to the expansion of SDIA, and in favor of relocating the Airport to the Miramar area.

PRESENTATION:

B. REPORT ON THE AUTHORITY'S FINANCIAL CONDITION:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Authority's Financial Condition, which included an overview of Current Financial Events; U.S. Economic Growth Turns Negative; The FOMC Cuts Rates; Consumer Confidence Near Record Low; Gross Weight Landing Units; Car Rental License Fees; Airport Parking Transactions; Investment Portfolio Summary; The Reserve Primary Fund; Investment Strategy; Commercial Paper; Debt Strategy; Unaudited Balance Sheets; Operating Revenues, Operating Expenses, Financial Summary, and NonOperating Revenue and Expenses for the Month Ended November 30, 2008; Monthly Operating Revenues, Operating Expenses, Financial Summary, and Nonoperating Revenue and

Expenses for the Five Months Ended November 30, 2008; and Budget Management Strategy.

Board Member Finnilla requested to know the impact that the Alternative Minimum Tax has on the Authority.

Mr. Evans stated that while commercial paper is favorable, the rates are too high to address long term debt in the bond market. He further stated to even attempt to go to the market, a project must first be specified and approved by the Board.

Board Member Watkins requested to see a comparison of unemployment between the public sector and the private sector.

Chairperson Bersin noted that the current Air Traffic report reflected a drop in passengers and freight, and he stated that continuing to cut expenses and increase revenues is vital.

Brent Buma, Vice President, Marketing & Communications, provided an update on air traffic at SDIA. He stated that for the month of December, 56 flights were canceled and 22 flights were diverted.

ACTION: No action taken.

CONSENT AGENDA:

Board Member Panknin requested that Item 4 be pulled from the consent agenda so that he may recuse himself due to a potential conflict of interest.

Chairperson Bersin requested that Item 7 be pulled from the consent agenda for discussion.

Board Member Desmond requested that Item 1 be pulled because he was not at the meeting.

Chairperson Bersin noted that the General Counsel has advised the Board that Board Members can vote on minutes from meetings they did not attend if they read the minutes and wish to do so.

ACTION: Moved by Board Member Watkins and seconded by Board Member Young to approve the Consent Agenda as amended. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnilla, Miller, Panknin, Watkins, Young; NO – None; ABSENT – Zettel. (Weighted Vote Points: YES – 92; NO – 0; ABSENT – 8)

1. **APPROVAL OF MINUTES:**
ACTION: This item was pulled from the Consent Agenda to be voted on separately.

CLAIMS

2. **RESOLUTION AUTHORIZING THE REJECTION OF THE CLAIM OF SUSAN HERAVER:**
RECOMMENDATION: Adopt Resolution No. 2009-0001, authorizing the rejection of the claim of Susan Heraver.

COMMITTEE RECOMMENDATIONS

3. **INCREASE IN THE FISCAL YEAR 2009 OPERATING BUDGET FOR THE QUIETER HOME PROGRAM:**
RECOMMENDATION: The Finance Committee recommends that the Board Adopt Resolution No. 2009-0002, approving an amendment to the Authority's Fiscal Year 2009 Annual Operating Budget in the amount of \$16,082,327.00 to allow an acceleration of residential sound attenuation under the Quieter Home Program.

CONTRACTS AND AGREEMENTS AND AMENDMENTS TO CONTRACTS AND AGREEMENTS

4. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM NOVEMBER 3, 2008 THROUGH DECEMBER 7, 2008 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM NOVEMBER 3, 2008 THROUGH DECEMBER 7, 2008:**
ACTION: This item was pulled from the Consent Agenda to be voted on separately.
5. **AWARD A CONSTRUCTION CONTRACT TO KOCH CORPORATION FOR QUIETER HOME PROGRAM PHASE 4, GROUP 7, PROJECT NO. 380407:**
RECOMMENDATION: Adopt Resolution No. 2009-0003, awarding a construction contract to Koch Corporation, in the amount of \$942,503.00, for Phase 4, Group 7, Project No. 380407, of the San Diego County Regional Airport Authority's Quieter Home Program.

6. **AWARD A CONSTRUCTION CONTRACT TO FOLTON ENTERPRISES FOR REPLACE & PROTECT ESCALATORS AT TERMINAL 1 AND AIRPORT-WIDE ELEVATOR & ESCALATOR MONITORING SYSTEM – CANOPY CONSTRUCTION – PROJECT NO. 104054:**
RECOMMENDATION: Adopt Resolution No. 2009-0004, awarding a construction contract to Folton Enterprises, in the amount of \$824,057.00, for Project No. 104054, Replace & Protect Escalators at Terminal 1 and Airport-wide Elevator & Escalator Monitoring System – Canopy Construction, at San Diego International Airport.
7. **AWARD A CONSTRUCTION CONTRACT TO HELIX ELECTRIC, INC. FOR UPGRADING EXISTING 480V ELECTRICAL POWER TO 12kV SERVICE FOR TERMINALS AND CENTRAL UTILITY PLANT:**
ACTION: This item was pulled from the Consent Agenda to be voted on separately.

ITEMS PULLED FROM THE CONSENT AGENDA FOR DISCUSSION

Board Members Miller and Panknin left the dais at 9:40 a.m.

4. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM NOVEMBER 3, 2008 THROUGH DECEMBER 7, 2008 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM NOVEMBER 3, 2008 THROUGH DECEMBER 7, 2008:**
In response to Board Member Finnila regarding funding for the Healthy Roads program, Jana Vargas, Director, Procurement, stated that the additional funding is only to finalize our commitment to the company. She stated that the program has been discontinued.

RECOMMENDATION: Receive the report.

ACTION: Moved by Board Member Young and seconded by Board Member Desmond to approve staff's recommendation: Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Watkins, Young; NO – None; ABSENT – Miller, Panknin, Zettel. (Weighted Vote Points: YES – 73; NO – 0; ABSENT – 27)

Board Member Miller returned to the dais at 9:45 a.m.

7. **AWARD A CONSTRUCTION CONTRACT TO HELIX ELECTRIC, INC. FOR UPGRADING EXISTING 480V ELECTRICAL POWER TO 12kV SERVICE FOR TERMINALS AND CENTRAL UTILITY PLANT:**
Steve Cornell, Director, Terminal Development Program, and Iraj Ghaemi, Director, Facilities Development, provided an overview of the project.

In response to Chairperson Bersin regarding the number of bids received, Mr. Cornell stated that eight bids were received, indicating a very competitive market.

In response to Board Member Boland regarding the time frame for completion, Mr. Cornell stated that the project is slated to be completed by December 2009.

RECOMMENDATION: Adopt Resolution No. 2009-0005, awarding a construction contract to Helix Electric, Inc., in the amount of \$9,600,532.00, for Project No. 201622, 12kV Service Upgrade, at San Diego International Airport.

ACTION: Moved by Board Member Watkins and seconded by Board Member Finnila to approve staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Watkins, Young; NO – None; ABSENT – Panknin, Zettel. (Weighted Vote Points: YES – 84; NO – 0; ABSENT – 16)

1. **APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the December 4, 2008 meeting.

ACTION: Moved by Board Member Watkins and seconded by Board Member Finnila to approve staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Watkins, Young; NO – None; ABSENT – Panknin, Zettel. (Weighted Vote Points: YES – 84; NO – 0; ABSENT – 16)

PUBLIC HEARINGS: None

NEW BUSINESS:

8. **JANUARY 2009 LEGISLATIVE REPORT:**

Michael Kulis, Director, Inter-Governmental Relations, provided an overview of the legislative report.

Board Member Watkins suggested that this could be a good time to review legislation that has been passed that costs the Authority money, and perhaps the State might consider discontinuing them.

Board Member Finnila expressed concern regarding the security perimeter rule.

Board Member Boland requested that staff look into a proposal to reduce taxes on aviation fuel.

Board Member Panknin returned to the dais at 10:06 a.m.

Chairperson Bersin requested that this item be under New Business for all future agendas.

RECOMMENDATION: Adopt Resolution No. 2009-0006, approving the January 2009 Legislative report.

ACTION: Moved by Board Member Finnila and seconded by Board Member Young to approve staff' recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Watkins, Young; NO – None; ABSENT – Zettel. (Weighted Vote Points: YES – 92; NO – 0; ABSENT – 8)

9. DISCUSSION AND POSSIBLE ACTION CONCERNING THE LEGISLATIVE ADVOCACY PROGRAM POLICY:

Michael Kulis, Director, Inter-Governmental Relations, provided an overview of the legislative advocacy program policy.

Chairperson Bersin encouraged Board Members to e-mail Mr. Kulis their ideas regarding the legislative agenda. He also suggested that the work that Board Member Zettel has been doing on the creation of an Airport Infrastructure Authority be added to the legislative agenda.

Board Member Watkins requested a review of the costs of Senate Bill 10 on the Authority and its benefits. He also requested an update on the efforts to establish a Cross Border Terminal.

Chairperson Bersin reported that he and Board Members Finnila, Boland and Zettel will be meeting to discuss the possibility of creating an Ad Hoc Committee regarding furthering the Airport's vision.

RECOMMENDATION: Provide direction to staff.

ACTION: No action taken.

10. ACCEPTANCE OF BOARD MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS:

RECOMMENDATION: Accept the reports.

ACTION: Moved by Board Member Finnila and seconded by Board Member Miller to approve staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Watkins, Young; NO – None; ABSENT – Zettel. (Weighted Vote Points: YES – 92; NO – 0; ABSENT – 8)

11. APPROVAL OF BOARD MEMBER PARTICIPATION AND REPRESENTATION OF THE AUTHORITY AT MEETINGS AND EVENTS:

Chairperson Bersin requested that the Corporate Services Department send out a listing of all committees. He also requested that Board Members send him the committees that they have a desire to sit on.

Board Member Young left the dais at 10:18 a.m.

Breton Lobner, General Counsel, clarified that attendance at public meetings, identified in the resolution, can be compensated, but not individual meetings with staff.

RECOMMENDATION: Adopt Resolution No. 2009-0007, approving Board Member Participation and Representation of the Authority at meetings and events.

ACTION: Moved by Board Member Watkins and seconded by Board Member Finnila to approve staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Watkins; NO – None; ABSENT – Young, Zettel. (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 21)

Board Member Young returned to the dais at 10:28 a.m.

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

STANDING BOARD COMMITTEES

• **AUDIT COMMITTEE:**

Board Member Finnila stated that the next Audit Committee meeting is February 2, 2009.

• **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**

The Board reported out on the December 4, 2008 Closed session regarding Items 16, 17, and 18 with the following action:

ACTION: Moved by Board Member Watkins and seconded by Board Member Boland to approve a 4% bonus incentive for the President/CEO, Chief Auditor and General Counsel for 2007/08. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Watkins, Young; NO – None; ABSENT – Zettel. (Weighted Vote Points: YES – 92; NO – 0; ABSENT – 8)

• **FINANCE COMMITTEE: None**

LIAISONS

- **AIRPORT MULTI-MODAL ACCESSIBILITY PLAN:** None
- **MILITARY AFFAIRS LIAISONS:**
Board Member O'Connor provided an overview of the investigation being conducted on the incident that occurred at Miramar.

Board Member Boland stated that he was requested to meet with the City Manager and a Councilmember of the City of Coronado regarding their concerns about the impacts of the North Island AICUZ on the City. He further stated that he toured the Federal Express shipping facility.

- **RASP LIAISONS:**
Board Member Miller stated that the preparation of the aviation forecast for the passenger, cargo and general aviation for the County's 11 General Aviation airports is completed. He further stated that the RASP website is in development and nearly completed.
- **TERMINAL DEVELOPMENT PROGRAM:**
Board Member Panknin stated that negotiations with the contractors are ongoing. He stated that no construction will begin until the Destination Lindbergh process is complete.
- **AVIATION TECHNOLOGICAL ADVANCES:**
Board Member Desmond suggested creating a subcommittee to review technology advances that address aviation capacity.

BOARD REPRESENTATIVES

- **AD HOC AIRPORT REGIONAL POLICY COMMITTEE:** None
- **SANDAG TRANSPORTATION COMMITTEE REPRESENTATIVE:**
Board Member Desmond stated that SANDAG is currently endeavoring to receive funding from the State for transportation. He stated that the Transportation Committee is currently being driven by Destination Lindbergh.

Chairperson Bersin requested that the new leader of the North County Transit District be invited to a Board Meeting, as well as the new Director of the Port District.

- **SCAG AVIATION TASK FORCE:** None
- **CALTRANS:** None

PRESIDENT/CEO REPORT:

About the Airport
Destination Lindbergh: The Ultimate Build Out
Terminal Development Program
Regional Aviation Strategic Plan
Public Outreach and Communication
International Air Service
City/SANDAG/Port Collaboration

Thella F. Bowens, President/CEO, stated that the Terminal Development Program team has continued the planning process. She stated that it is important to continue the efforts of public outreach to ensure that the community understands the mission of the Authority.

Ms. Bowens stated that the Authority is continuing to pursue international air service as the airlines are currently reviewing their business practices. She further stated that the Authority is participating on a team, in conjunction with the Port District, the Economic Development Corporation, the Convention and Visitors Bureau of San Diego, and various other agencies regarding Disney home porting a ship in San Diego. She stated that it would be a large economic impact for the region.

In response to Board Member Watkins regarding Homeland Security's new passenger registration required for visitors coming from outside the United States, Ms. Bowens stated that the program is being negatively received. She stated that it has already slowed down the entrance of passengers from other countries. She further stated that Homeland Security is acting on mandates, and that the airlines are working with the Transportation Security Agency to try to streamline the process and make it less cumbersome.

Board Member Boland expressed concern regarding the severe restrictions that Homeland Security has implemented on general aviation flights leaving the United States.

A. RECOGNITION OF BOARD MEMBER JACK MILLER FOR HIS SERVICE ON THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY:

Chairperson Bersin presented Board Member Miller with a gift in recognition for his service on the Board.

CLOSED SESSION: The Board adjourned into Closed Session at 11:30 a.m. to discuss Items 14 and 15.

Board Member Desmond reported that he would recuse himself from Item 14 due to a potential conflict of interest.

12. **CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION:**
Government Code Section 54956.9(b)
Number of cases: 1
Facts and circumstances exist causing significant exposure to litigation in accordance with Section 54956.9(b)(3(B)). These facts are known by potential plaintiff Gameday Media Properties, Inc. ("Gameday") and are as follows: a disagreement exists between the Authority and Gameday regarding the close out audit of the concession agreement.
13. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:**
Pursuant to Government Code Section 54956.9(a):
Kenneth Quilantang v. San Diego County Regional Airport Authority, et al.,
San Diego Superior Court Case No. 37-2008-00092986-CU-PO-CTL
14. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Significant exposure to litigation pursuant to 54956.9(b)(A),(B) and (E):
Memorandum of Agreement with SANDAG and the City of San Diego
Number of potential cases: 1
15. **CONFERENCE WITH LABOR NEGOTIATOR:**
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.
16. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
(Government Code Section 54957):
Title: General Counsel
17. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
(Government Code Section 54957):
Title: Chief Auditor
18. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
(Government Code Section 54957):
Title: President/CEO
19. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Nazbest-Pacific).
20. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Galaxy).

REPORT ON CLOSED SESSION: The Board reconvened into open session at 1:54 p.m. Breton Lobner, General Counsel, reported that there were no reportable actions.

PUBLIC COMMENT:

GENERAL COUNSEL REPORT:

BOARD MEMBER REPORTS ON MEETINGS ATTENDED AT THE EXPENSE OF THE AUTHORITY:

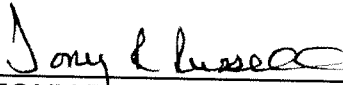
BOARD COMMENT:

Board Member Finnila commended Board Member Desmond on receiving the Al Shire Award.

ADJOURNMENT:

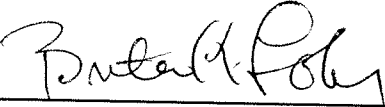
The meeting was adjourned at 1:56 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 5th DAY OF FEBRUARY, 2009.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL