

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD MEETING MINUTES
EXECUTIVE/FINANCE COMMITTEE MINUTES
MONDAY, MARCH 23, 2009
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER

Chairperson Bersin called the Special Board Meeting and regular meeting of the Executive/Finance Committee to order at 9:03 a.m., Monday, March 23, 2009 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 O'Connor led the Pledge of Allegiance.

ROLL CALL

Board

Present:	Board Members:	Bersin, Boland, Desmond, Finnila, O'Connor (Ex-Officio), Orso-Delgado (Ex-Officio), Panknin, Smisek, Watkins, Young
Absent:		Sheehy (Ex-Officio), Zettel

Executive Committee

Present:	Committee Members:	Bersin, Finnila, Watkins
Absent:	Committee Members:	None

Finance Committee

Present:	Committee Members:	Bersin, Panknin, Watkins, Young
Absent:	Committee Members:	Sheehy (Ex-Officio)

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

PUBLIC COMMENT

DR. JAY MORGNER, SAN DIEGO, spoke regarding the limitations of Lindbergh Field, and the benefits of the East Elliot site.

JARVIS ROSS, SAN DIEGO, spoke in opposition to the Destination Lindbergh proposal, and stated that the airlines should have been involved in discussions.

SUHAIL KHALIL, SAN DIEGO, urged the Board to take a more active role in public outreach.

LANCE MURPHY, SAN DIEGO, stated that stakeholders should have been involved with the Ad Hoc Airport Regional Policy Committee.

HUGO CARVER, SAN DIEGO, spoke in opposition to the Destination Lindbergh proposal.

PAUL GRIMES, SAN DIEGO, spoke in opposition to the Destination Lindbergh proposal.

STEVE HOLT, FORT WORTH, TX, representing American Airlines, distributed a letter to the Board, and spoke in support of a CONRAC facility, but expressed concern with the rest of the Destination Lindbergh proposal. Mr. Holt noted that Amy Weaver, representing Southwest Airlines, Dan Hagan, Government Affairs Representative for American Airlines, Melinda Franklin, Government Affairs Representative for United Airlines, and Hal Fahrenbruch, representing US Airways, were also present.

LORI PETERS, HUNTINGTON BEACH, representing United Airlines, urged the Board to consider what is operationally necessary and financially prudent.

LEON CAMPBELL, LA JOLLA, spoke regarding his proposed airport site. He urged the Board to devote their energy to developing a new airport for San Diego.

DONNELL E. HARVEY, ATLANTA, GEORGIA, representing Delta Airlines, stated that participation by airlines in the planning process is paramount. He urged the Board to consider the comments made by the airline representatives today.

MIKE ZDON, SAN DIEGO, representing SANDAG, submitted a letter from the Executive Director of SANDAG regarding Destination Lindbergh.

ELYSE LOWE, SAN DIEGO, representing Move San Diego, spoke in support of the Destination Lindbergh proposal.

CYNTHIA CONGER, SAN DIEGO, spoke in opposition to the Destination Lindbergh proposal.

BOARD NEW BUSINESS

1. DISCUSSION AND POSSIBLE ACTION ON A DRAFT CONCEPT PLAN FOR THE PHASE 2 AIRPORT MASTER PLAN (AMP) SUBMITTED TO THE AUTHORITY BY THE AD HOC AIRPORT REGIONAL POLICY COMMITTEE ("DESTINATION LINDBERGH"):

Breton Lobner, General Counsel, stated, "Referring back to the Memorandum of Agreement that was approved by the City and SANDAG and the Airport Authority, in Section 2, Subsection 2, it states, 'the Authority Board shall accept for public distribution a new draft concept plan with input from SANDAG and the City for the Phase 2 AMP by February 28'. The Addendum number one that was also approved by the parties extended that time to March 31, 2009 and that's found in Addendum One, Article One, Subsection 3. So the action this morning by this Board is to accept the draft concept plan for public distribution. It is not an adoption of any particular plan, it is not a project. At this point in time, it's a feasibility or planning study, which is exempt from CEQA under Public Resources Code Sections 21102 and 21150."

Thella F. Bowens, President/CEO, provided an overview of staff's engagement with Destination Lindbergh. She stated that once work begins on the 10 gates, it is the intention of staff to come back to the Board with the next planning effort regarding Lindbergh Field.

Keith Wilschetz, Director, Airport Planning, provided a presentation on Destination Lindbergh, which included an explanation of what Destination Lindbergh is; Decision-Making Process; Assumptions and Consideration – Airside; Tabled and Eliminated Alternatives; Intermodal Transit Center (ITC) Passenger Use by Alternative (per SANDAG); Traffic Analysis Assumptions – Recap; 2030 Traffic – North Harbor Drive; 2030 Traffic – Key Roads; Traffic Analysis Findings; Recommended Development Plan; Opening Day Facilities; Parking Locations; Full Program Costs; and Potential Funding Sources.

In response to Board Member Boland regarding building a tunnel under the runway, Mr. Wilschetz stated that tunneling under the runway would be very challenging because of the water table. He further stated that the FAA historically has frowned upon the idea but may consider it in the future.

In response to Board Member Finnila regarding the proposed ITC being located on land not currently owned by the Airport, Mr. Wilschetz stated that the current proposal locates the ITC on airport land. He stated that off-airport land will certainly be needed in later years for developments like high speed rail parking.

In response to Board Member Watkins regarding the 10 gates not being included in the cost structure for Destination Lindbergh, while the CONRAC is included, Ms. Bowens stated that the Terminal Development Program is completely separate from Destination Lindbergh. She stated that the 10 gates and the CONRAC are not part of Destination Lindbergh.

Board Member Young stated that with an investment this huge, more concrete information is needed. He questioned if traffic could be mitigated without the ITC, and what impact that would have on the customer. He further stated that it is vital for the airlines to be involved. He questioned what action was being requested from the Board.

Chairperson Bersin noted that the decision today would create a framework by which the Board could analyze the feasibility and advisability of Destination Lindbergh.

The Board recessed at 10:58 a.m. and resumed at 11:12 a.m.

In response to Board Member Young regarding how the airlines will be involved, Ms. Bowens stated that this will become a master planning process, and will be handled the same as master plans in the past, with all stakeholders at the table.

Board Member Desmond made a motion to accept the recommendation. Board Member Panknin seconded the motion.

Board Member Panknin clarified that Destination Lindbergh is a concept and not a plan. He stated that stakeholders were included in the development of the concept.

Board Member Finnila stated that she would support the motion with the following revision to the resolution: Further planning shall include established benchmarks for operations, the economic turnaround, for transit rider ship, and that we include participation by the airlines and the FAA.

Board Member Watkins stated that there are elements to Destination Lindbergh that might work. He stated that he could support accepting the report but not for public distribution.

Board Member Smisek stated that in regards to traffic, peak periods are what counts. He stated that the Authority needs to think of simple solutions. He expressed concern that the concept will be misinterpreted.

RECOMMENDATION: Adopt Resolution 2009-0037, accepting for public distribution a new draft concept plan for Phase 2 Airport Master Plan.

ACTION: Moved by Board Member Desmond and seconded by Board Member Panknin to accept staff's recommendation, and that further planning shall include established benchmarks for operations, the economic turnaround, for transit rider ship, and that we include participation by the airlines and the FAA. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Panknin, Young; NO – Smisek, Watkins; ABSENT – Zettel. (Weighted Vote Points: YES – 73; NO – 19; ABSENT – 8)

Chairperson Bersin reported that Board Member O'Connor was retiring from the Marine Corps, and presented him a plaque for his service on the Board.

FINANCE COMMITTEE NEW BUSINESS

2. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the January 27, 2009 Special Finance Committee meeting.

ACTION: Moved by Board Member Panknin and seconded by Board Member Young to approve staff's recommendation. Motion carried unanimously.

3. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE EIGHT MONTHS ENDED FEBRUARY 28, 2009:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Unaudited Financial Statements, which included the Balance Sheets, the Monthly Operating Revenue; the Monthly Operating Expenses; the Financial Summary; Non-operating Revenue and Expenses; and Operating Revenues for the Eight Months Ended February 28, 2009.

Thella F. Bowens, President/CEO, stated that as we move forward with the new year's budget, the revenue projections for parking will be taken into consideration, as well as anything else that will be affected by construction.

Board Member Watkins expressed concern that the Authority might not be able to fund the Terminal Development Program.

Chairperson Bersin stated that if there was no revenue from the south parking garage, it would not be an obstacle to financing the Terminal Development Program.

Ms. Bowens stated that there are long term implications on revenues without the additional parking, but it was never planned that the 10 gates would be financed by the parking garage.

4. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF FEBRUARY 28, 2009:

Vernon Evans, Vice President, Finance/Treasurer, provided a report on the Authority's Investment Report, which included the Portfolio Strategy; Total Portfolio Summary; Portfolio Composition by Security Type; Portfolio Maturity Distribution; Benchmark Comparison; and Detail of Security Holdings.

RECOMMENDATION: Receive the report.

ACTION: No action taken.

5. REVIEW OF THE SUMMARY OF OUTSTANDING COMMERCIAL PAPER:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Summary of Outstanding Commercial Paper.

RECOMMENDATION: Receive the report.

ACTION: No action taken.

6. AUTHORIZE THE PRESIDENT/CEO TO EXECUTE, DELIVER, AND PERFORM A LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT WITH UNION BANK, NA:

Bob Silvas, Director, Small Business Development, and Ingrid Meriwether, Meriwether and Williams, provided an overview of the Bonding and Contract Financing Assistance Program.

In response to Chairperson Bersin regarding what is a reimbursement agreement, Mr. Silvas stated that the agreement spells out the terms of the Letter of Credit.

Breton Lobner, General Counsel, stated that Union Bank needs the Certificate of Deposit (CD) to be placed on file, and will then issue the Letters of Credit to other banks, who will in turn finance small business contractors.

Ms. Meriwether clarified that the reimbursement agreement is a standard document issued by a bank in conjunction with a line of credit. She stated that the agreement stipulates the terms by which the Authority would have to reimburse the bank if there is ever a draw on a letter of credit.

In response to Board Member Finnila regarding receiving collateral in light of the possibility of one of these small businesses defaulting, Ms. Meriwether stated that there is an indemnity agreement signed by the contractor agreeing to make the Authority whole. She also stated that there are added incentives to enhance performance by the contractors, such as the contractor being deemed ineligible to participate in the program again.

Board Member Boland noted that it is a great benefit for the community and small businesses.

RECOMMENDATION: Direct Staff to forward this item to the Board for approval.

ACTION: Moved by Board Member Young and seconded by Board Member Panknin to forward this item to the Board for approval. Motion carried unanimously.

Board Members Panknin, Smisek and Young left the dais at 12:32 p.m.

EXECUTIVE COMMITTEE NEW BUSINESS

7. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 23, 2009 Executive Committee meeting.

ACTION: Moved by Board Member Finnila and seconded by Board Member Watkins to approve staff's recommendation. Motion carried unanimously.

8. COMPREHENSIVE GROUND TRANSPORTATION MANAGEMENT PLAN UPDATE:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Comprehensive Ground Transportation Management Plan Update, which included Board Goals; the Plan; and Project Timeline.

Thella F. Bowens, President/CEO, stated that the Consolidated Rental Car Facility (CONRAC) is not included in this plan as the Board has not made a decision yet.

Board Member Finnila suggested adding the word "existing" to future presentations regarding the rental car operators.

Board Member Watkins suggested that on the timeline, a line be added that indicates where the action is currently.

Chairperson Bersin stated that he has previously suggested implementing an outreach process similar to ATAG.

Ms. Bowens stated that Ground Transportation has put together an outreach process that includes stakeholders that provide ground transportation at the airport. She further stated that following the initial information gathering by the group, a stakeholder process will also be implemented where they have an opportunity to voice their opinions.

RECOMMENDATION: Receive the update.

ACTION: No action taken.

Board Member Desmond left the dais at 12:42 p.m.

REVIEW OF FUTURE AGENDAS

9. REVIEW OF THE DRAFT AGENDA FOR THE APRIL 2, 2009 BOARD MEETING:

Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the April 2, 2009 Board Meeting.

Board Member Finnila suggested that an item be added to the agenda regarding what public works projects the Authority has that need to be reviewed by the California Coastal Commission.

Ms. Bowens requested that the item be added to the May Board agenda.

Board Member Finnila suggested that alternate ex-officio members be appointed for situations when current ex-officio members are unable to attend meetings.

Matt Harris, Senior Director, Executive Office, clarified that appointing alternates for ex-officio members was not allowed for the Caltrans and Department of Finance representatives in Senate Bill 10.

10. REVIEW OF THE DRAFT AGENDA FOR THE APRIL 2, 2009 AIRPORT LAND USE COMMISSION MEETING:

Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the April 2, 2009 Airport Land Use Commission meeting.

CLOSED SESSION: The Committee did not meet for Closed Session.

11. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:

Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Nazbest-Pacific).

12. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Galaxy).
13. **CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION:**
Pursuant to 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.
14. **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
15. **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

REPORT ON CLOSED SESSION:

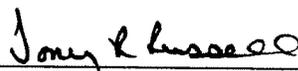
PRESIDENT/CEO REPORT

COMMITTEE MEMBER COMMENTS

ADJOURNMENT

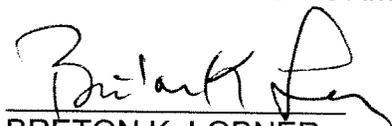
The meeting adjourned at 1:08 p.m. The next meeting will be held on April 27, 2009, at 9:00 a.m. in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

APPROVED BY A MOTION OF THE EXECUTIVE COMMITTEE THIS 27th DAY OF APRIL, 2009.



TONY B. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL