

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
EXECUTIVE/FINANCE COMMITTEE MINUTES  
MONDAY, APRIL 27, 2009  
SAN DIEGO INTERNATIONAL AIRPORT  
BOARD ROOM**

**CALL TO ORDER**

Vice Chairperson Watkins called the regular meeting of the Executive/Finance Committee to order at 9:00 a.m., Monday, April 27, 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 Smisek led the Pledge of Allegiance.

**ROLL CALL**

***Executive Committee***

Present:	Committee Members:	Finnila, Watkins
Present:	Board Members:	Boland, Smisek, Zettel
Absent:	Committee Members:	None

***Finance Committee***

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

Also Present: Jeffrey Woodson, Vice President, Administration; Breton Lobner, General Counsel; Tony Russell, Director, Corporate Services/ Authority Clerk; Sara Real, Assistant Authority Clerk I

**PUBLIC COMMENT** – None

**NEW BUSINESS**

**1. APPROVAL OF MINUTES:**

**RECOMMENDATION:** Approve the minutes of the March 23, 2009 Committee Meeting.

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

**FINANCE COMMITTEE BUSINESS**

**2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2009:**

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Unaudited Financial Statements, which included: The Balance Sheets; Liabilities and Net Assets; Quarterly Operating Revenue; Operating Revenue for the Month Ended March 31, 2009; Quarterly Operating Expenses; Financial Summary for the Month Ended March 31, 2009; Nonoperating Revenue and Expenses; Operating Expenses for the Month Ended March 31, 2009; and Financial Summary.

Board Member Boland stated that the Airport Authority's FITCH rating remains at A+, and it speaks highly of the fiscal condition of the Authority.

RECOMMENDATION: Direct staff to forward this item to the Board for information.

Tony R. Russell, Director, Corporate Services/Authority Clerk, clarified that this item will be forwarded to the Board for information.

**3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF MARCH 31, 2009:**

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Authority's Investment Report, which included the Market Recap; Portfolio Strategy; Total Portfolio Summary; Portfolio Composition by Security Type; Reserve Primary Fund; Portfolio Maturity Distribution; and Benchmark Comparison.

In response to Board Member Finnila regarding different yields on Certificates of Deposit (CD's) listed in the newspaper versus the rates we are receiving, Mark Criswell, Manager, Airport Finance, stated that the rates listed in the newspaper are for retail CD's, which are FDIC insured below \$250,000. He stated that our CD's are above \$250,000, which is part of a State insurance program, and has an entirely different rate structure.

RECOMMENDATION: Direct staff to forward this item to the Board for information.

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

**4. REVIEW OF THE SUMMARY OF OUTSTANDING COMMERCIAL PAPER:**

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

RECOMMENDATION: Receive the report.

**5. PROPOSED DISADVANTAGED BUSINESS ENTERPRISE (DBE) GOAL CALCULATION FOR THE TERMINAL DEVELOPMENT PROGRAM:**

Bob Silvas, Director, Small Business Development, provided a presentation on the Proposed Disadvantaged Business Enterprise (DBE) Goal Calculation for the Terminal Development Program (TDP), which included Overall vs. Project-Specific Goal; Contract Value by Category; DBE Availability by Category; Challenges when Determining DBE Availability by Category; Calculating the Goal; TDP Contract 1 Proposed DBE Goal; Race/Gender Conscious vs. Race/Gender Neutral Efforts; and Next Steps.

Vice Chairperson Watkins stated that he would like to use the methodology that achieves the highest DBE goal.

In response to Board Member Young regarding how businesses were identified and included in the program, Mr. Silvas stated that under Part 26, the federal regulation that requires the Authority to participate in the DBE program, any company that is identified as being DBE eligible is encouraged to become DBE certified. He further stated that the DBE certification process is very detailed and cumbersome, and some companies do not wish to disclose as much information as is required to become certified.

In response to Vice Chairperson Watkins regarding assisting companies in getting DBE certified, Mr. Silvas stated that the Authority provides educational workshops, which include a segment on DBE certification.

In response to Board Member Young regarding hiring an outreach consultant, Mr. Silvas stated that an outreach consultant was required to be hired for each of the two teams that were awarded the TDP contracts. He stated that the Authority required that the consultant firm hired be a local firm that understands the San Diego area. He further stated that each team will make their own consultant selection.

In response to Vice Chairperson Watkins regarding why the Board cannot set goals for all projects, Board Member Young stated that Proposition 209 restricts the Board from setting goals for all projects.

RECOMMENDATION: Receive the report.

**6. UPDATE ON OTHER POST EMPLOYEE OTHER THAN PENSION BENEFITS:**

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Update on Other Post Employee Other Than Pension Benefits, which included the Background; Steps to Enroll and Fund the California Employers' Retiree Benefit Trust (CERBT); Actuarial Report; CERBT Agreement; Elements of the Agreement to Prefund Other Post Employment Benefits with CalPERS Through a CERBT; Delegation of Authority; Funding the CERBT; and Funding Policy.

Mr. Evans stated that staff is recommending that the Committee forward a recommendation to the Board to: Accept the Actuarial Valuation Report and Summary of Actuarial; Authorize the President/CEO to execute the agreement; Authorize delegation of authority to request disbursements; Authorize 100% funding of the Annual Required Contributions, or \$2.8 million; and Authorize the proposed funding policy.

In response to Board Member Young regarding the last actuarial assessment being done in 2007, Mr. Evans stated that the Authority is required to conduct an assessment every two years, and the next assessment is scheduled for July 1, 2009.

In response to Board Member Young regarding our liability significantly increasing in that two year period, Brad Au, AON Consulting Group, stated that anticipation of trends is built into the assessment.

Board Member Panknin suggested that the policy be reviewed to fully fund the program.

Vice Chairperson Watkins stated that since the expected long-term fund investment return net of expenses is 7.75%, he suggested that for the Board presentation, scenarios resulting in a 6% return be explored.

Board Member Young stated that the option of setting a policy to fully fund the plan should be discussed. He suggested that staff come back with recommendations on how to ensure we don't have a problem with under funding the system systemically. He further stated that he would like to know what controls are in place, as well as best practices, to avoid issues impacting other agencies.

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 recommend that the Board accept the Actuarial Valuation Report and Summary of Actuarial; Authorize the President/CEO to execute the agreement; Authorize delegation of authority to request disbursements; Authorize 100% funding of the Annual Required Contributions, or \$2.8 million; Authorize the proposed funding policy, and directed that staff include in the Board presentation, the difference between the 7.75% and 6% return; and that staff come prepared with recommendations on how to make sure that the Authority does not under fund the system systematically, and other best practice controls. Motion carried unanimously.**

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

### **EXECUTIVE COMMITTEE BUSINESS**

#### **7. 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 Comprehensive Airport Internal Ground Transportation Management Plan Board Goals; Upcoming Events; and GT Project Timeline.

Board Member Panknin noted that Salt Lake City, UT is currently implementing a Ground Transportation Plan. He requested that a report on it be brought to the Board at the June Board meeting.

RECOMMENDATION: Receive the update.

### **REVIEW OF FUTURE AGENDAS**

#### **8. REVIEW OF THE DRAFT AGENDA FOR THE MAY 8, 2009 BOARD MEETING:**

Jeffrey Woodson, Vice President, Administration, provided an overview of the draft agenda for the May 8, 2009 Board Meeting.

Regarding Item 16, Award of Two On-Call Terminal and Building Architecture Agreements, Vice Chairperson Watkins stated that staff should be prepared to provide a presentation regarding the selection process and criteria used at the meeting.

Vice Chairperson Watkins stated he would like a discussion on the Cross Border Terminal on a future agenda.

**9. REVIEW OF THE DRAFT AGENDA FOR THE MAY 8, 2009 AIRPORT LAND USE COMMISSION MEETING:**

Jeffrey Woodson, Vice President, Administration, provided an overview of the draft agenda for the May 8, 2009 Airport Land Use Commission meeting.

**ACTION: Moved by Board Member Finnila and seconded by Vice Chairperson Watkins to approve the draft agendas for the May 8, 2009 Board/ALUC meetings as amended. Motion carried unanimously.**

**CLOSED SESSION:** The Committee did not meet in Closed Session.

**10. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**

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

**11. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**

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

**12. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:**

Pursuant to Government Code Section 54956.9(a).  
*Britt v. San Diego County Regional Airport Authority, et al.*, San Diego Superior Court Case No. 37-2007-00072794-CU-MC-CTL.

**13. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:**

Pursuant to Government Code Section 54956.9(a).  
*Majors v. Transportation Security Administration et al.*, U.S.D.C. So. Dist., Case No. 08 CV 2032 IEG POR.

**REPORT ON CLOSED SESSION:**

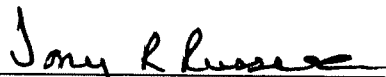
**PRESIDENT/CEO REPORT**

**COMMITTEE MEMBER COMMENTS**

**ADJOURNMENT**

The meeting adjourned at 10:22 a.m. The next meeting will be held on May 20, 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 20<sup>th</sup> DAY OF MAY, 2009.



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TONY R. RUSSELL  
DIRECTOR, CORPORATE SERVICES/  
AUTHORITY CLERK

APPROVED AS TO FORM:



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BRETON K. LOBNER  
GENERAL COUNSEL