

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD AND
EXECUTIVE AND FINANCE COMMITTEE MEETING MINUTES
TUESDAY, SEPTEMBER 6, 2016
BOARD ROOM**

CALL TO ORDER: Chairman Boling called the Special Board and Executive and Finance Committee Meeting to order at 9:00 a.m., on Tuesday, September 6, 2016, in the Board Room of the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

Board

Present: Board Members: Boling (Chairman), Cox, Gleason, Hubbs, Janney, Kersey, Robinson, Sessom

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

Executive Committee

Present: Committee Members: Boling (Chairman), Janney, Robinson

Absent: Committee Members: None.

Finance Committee

Present: Committee Members: Boling (Chairman), Cox, Janney, Sessom

Absent: Committee Members: None.

Board Member Cox and Board Member Sessom arrived during the course of the meeting.

NON-AGENDA PUBLIC COMMENT:

KAMRAN HAMIDI, SAN DIEGO, provided a handout and expressed concern regarding the increasing taxicab trip fee over the past 8 years.

EXECUTIVE/FINANCE BUSINESS

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the July 11, 2016 regular meeting.

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

Board Member Sessom arrived at 9:10 a.m.

FINANCE COMMITTEE

2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016:

Kathy Kiefer, Senior Director, Financial & Asset Management, provided a presentation on the Review of the Unaudited Financial Statements for the Year Ended June 30, 2016, which included Gross Landing Weight Units, Enplanements, Car Rental License Fees, Food and Beverage Concessions Revenue, Retail Concessions Revenue, Total Terminal Concessions, Parking Revenue, Monthly Operating Revenue, Operating Revenues for the Year Ended June 30, 2016, Monthly Operating Expenses, Operating Expenses for the Year Ended June 30, 2016, Financial Summary for the Year Ended June 30, 2016, Non-operating Revenues and Expenses for the Year Ended June 30, 2016, and Statements of Net Position as of June 30, 2016 and 2015.

RECOMMENDATION: Forward to the Board for acceptance.

3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF JULY 31, 2016:

Geoff Bryant, Manager, Airport Finance, provided a presentation on the Review of the Authority's Investment Report as of July 31, 2016, which included Total Portfolio Summary, Portfolio Composition by Security Type, Portfolio Composition by Credit Rating, Portfolio Composition by Maturity, Benchmark Comparison, Detail of Security Holdings, Portfolio Investment Transactions, Bond Proceeds Summary, and Bond Proceeds Investment Transactions.

RECOMMENDATION: Accept the report.

ACTION: Moved by Board Member Sessom and seconded by Board Member Janney to approve staff's recommendation on Item 2 and 3. Motion carried unanimously, noting Board Member Cox as ABSENT.

EXECUTIVE COMMITTEE

4. 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 Robinson and seconded by Board Member Janney to approve staff's recommendation. Motion carried unanimously.

REVIEW OF FUTURE AGENDAS

5. REVIEW OF THE DRAFT AGENDA FOR THE SEPTEMBER 15, 2016 BOARD MEETING:

Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the September 15, 2016 Board Meeting.

In response to Board Member Gleason's request for an update on the Leigh Fisher agreement, Ms. Bowens stated that staff would provide the Board with an update prior to the September Board Meeting.

6. REVIEW OF THE DRAFT AGENDA FOR THE SEPTEMBER 15, 2016 AIRPORT LAND USE COMMISSION MEETING:

Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the September 15, 2016 ALUC Meeting.

Board Member Sessom expressed concern regarding changing meeting dates and the scheduling of Board Workshops. She requested that the Board and Authority Staff consider scheduling evening meetings in the future so that the public can attend.

Chairman Boling requested that staff try to accommodate all Board member schedules if possible, when scheduling future workshops.

Board Member Cox arrived at 9:31 a.m.

BOARD WORKSHOP

7. DISCUSSION OF PUBLIC PRIVATE PARTNERSHIP DELIVERY MODEL:
Clay Paslay, Paslay Management Group; Larry Belinsky and Ken Cushine, Frasca & Associates, provided a presentation on Public-Private Partnership Delivery Model, which included Presentation Overview, Conventional Project

Delivery, When to Look for Alternatives, How the P3 Differs, Types of P3s, Delivery Method Selection Process/Value for Money Analysis, Overview of Interactive P3 Procurement Process, Breakdown of Resource Requirements, and Summary of SDCRAA Considerations.

In response to the Board's concern regarding the possibility of a developer going into bankruptcy, Mr. Belinsky stated that if the developer filed for bankruptcy during the construction period, the Authority would have the option to replace the developer based on established criteria, and if the developer filed bankruptcy during the operation period the Authority could replace the developer or choose to operate the facility itself.

Mr. Cushine stated that he could provide the Board with more information on successful P3 projects and unsuccessful projects that ended up in bankruptcy.

Board Member Gleason expressed concern with developing contract requirements and stated that it's hard to know what to put in the contract because things change over time.

In response to Board Member Sessom regarding if it is possible for someone to purchase the asset in bankruptcy, Mr. Cushine stated that it is possible; however, any operator would have to follow the terms of the agreement established by the Authority.

Board Member Sessom suggested that the "Other Considerations" section of the Summary of SDCRAA Considerations slide include "staff augmentation costs."

Thella F. Bowens, President/CEO stated this is just the beginning of the Boards education on P3's and that there will be more opportunities to learn more about P3's.

RECOMMENDATION: Receive the presentation.

The meeting recessed at 11:00 a.m. and reconvened at 11:10 a.m.

Board Members Cox and Sessom left the meeting.

8. REVIEW OF FEDERAL INSPECTION SERVICES (FIS) AT SAN; OVERVIEW AND FUTURE OPTIONS:

Hampton Brown, Director, Air Service Development; and Keith Wilschetz, Director, Airport Planning & Noise Mitigation provided a presentation on Federal Inspection Services (FIS) at SAN, which included an Overview of International Air Service/Need for Capacity, Current Facility & Limitations, Overview of Planned Options and Next Steps.

Board Member Gleason expressed concern with Customs and Border Patrol staffing for future growth and whether they are truly our partners.

Thella F. Bowens, President/CEO proposed that this presentation be provided at the September Board Meeting.

Chairman Boling suggested that the presentation be modified to include where the additional need for the FIS is coming from, the expected increase in revenue for the Airport, and whether the project is appropriate for a P3.

Board Member Kersey suggested that the presentation include whether the anticipated increase in revenue would cover the cost of construction.

Board Member Hubbs questioned if there would be any savings in the Airport Development Plan if the proposed FIS was built now.

Board Member Janney suggested that the presentation include whether the project can be phased to add additional wide body gates.

Board Members Gleason and Robinson left the meeting at 11:32 a.m.

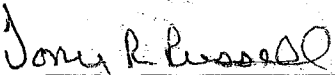
RECOMMENDATION: Receive the presentation.

NON-AGENDA PUBLIC COMMENT: None.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting was adjourned at 12:02 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY EXECUTIVE COMMITTEE THIS 10th DAY OF OCTOBER, 2016.



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

APPROVED AS TO FORM:



AMY GONZALEZ
GENERAL COUNSEL