

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, MARCH 4, 2010
BOARD ROOM**

CALL TO ORDER: Chairperson Gleason called the meeting of the San Diego County Regional Airport Authority Board to order at 9:00 a.m. on Thursday, March 4, 2010 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 Young led the pledge of allegiance.

ROLL CALL:

PRESENT: Board Members: Berman (Ex-Officio), Boland, Cox, Davies, Desmond, Finnila, Gleason, Panknin, Col. Richie (Ex-Officio), Smisek, Young

ABSENT: Board Members: None

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

Board Member Desmond arrived during the course of the meeting.

BOARD BUSINESS:

ELECTION OF EXECUTIVE COMMITTEE MEMBER:

Board Member Cox and Board Member Davies concurred that Board Member Cox be appointed to the Executive Committee.

REPORT FROM CITIZEN COMMITTEE:

AIRPORT ADVISORY COMMITTEE:

Bella Heule, Chair, Airport Advisory Committee provided a summary report of the February 19, 2010 Special Airport Advisory Committee meeting. She reported that the topic for the meeting was the Vehicle Conversion Incentive-Based Program, and that a full report from this meeting was provided to the Board with today's meeting materials.

PRESENTATION:

A. 2009 PASSENGER SATISFACTION SURVEY RESULTS:

Scott Ludwigsen, Executive Vice President, Phoenix Marketing International, provided a presentation on the 2009 Passenger Satisfaction Survey Results which included the Executive Summary; Determining Factor Importance; Methodology; Baggage Delivery Overall Satisfaction Rating; and SAN Baggage Survey – Annual 2009.

Board Member Desmond arrived at 9:16 A.M.

In response to Board Member Boland regarding whether staff will be doing any follow up on areas of concern, Thella F. Bowens, President/CEO, stated that after these types of surveys it is a common practice for staff to put together a strategy addressing any areas of concern.

B. FAA NOISE COMPATIBILITY PROGRAM STUDY UPDATE FOR SDIA:

Dan Frazee, Director, Airport Noise Mitigation, provided an update on the FAA Noise Compatibility Program Study For SDIA, which included Study Description; Background; Objectives; Noise Contour Comparison; Outreach; Progress; and Next Steps.

In response to Board Member Finnila regarding whether the general public may see any violation made by a specific flight at SDIA through the Authority's website, Mr. Frazee stated that this feature has been available on the SDIA website for three years. He also stated that this feature can be credited for reducing the number of complaint calls received.

C. REPORT ON THE AUTHORITY'S FINANCIAL CONDITION:

Vernon Evans, Vice President, Finance/Treasurer, provided an update on the Authority's Financial Condition which included Unaudited Financial Statements for the Seven Months Ended January 31, 2010; Revenues and Expenses (Unaudited) for the Seven Months Ended January 31, 2010 (Unaudited); Key Performers Indicators (KPI's); and Authority's Investments.

Thella F. Bowens, President/CEO, stated that although this financial report is overall very positive, it is crucial that SDIA maintain its current credit rating of A1 because the Authority is getting ready to go to the Bond Market.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Board Member Smisek reported that the Audit Committee held its quarterly meeting on February 8, 2010, and that Items 7 through 9 on today's agenda were unanimously recommended by the Committee to the Board for review and/or action.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Desmond reported that the Committee met on February 17, 2010. He stated that discussions were held regarding funding the Authority's Pension Plan at 95%. He stated that this item is Item 14 on the Board agenda.
- **FINANCE COMMITTEE:**
Board Member Gleason reported that the Committee is looking at the way metrics and indicators are reported to evaluate if they can be more "user friendly" for the public.
- **TERMINAL DEVELOPMENT PROGRAM COMMITTEE:**
Board Member Boland reported that at the Committee's last meeting on February 24, 2010, it was divulged that a Master Labor Agreement between the International Union of Operating Engineers and the Associated General Contractors of America (AGC) could affect one of the Authority's joint venture. He stated that a report was provided by the Executive Secretary of the AGC and stated that a memorandum is being drafted, and will be distributed to the Board providing background information regarding this issue. He also stated that the Committee forwarded Item 16 to the Board for approval.
- **RASP COMMITTEE:**
Board Member Finnila reported that the Project Team reported progress on the development of the Econometric Model to test four categories of scenarios for the Strategic Plan. She stated that the information was presented at the February 4, 2010 Board Meeting, and to the RASP Committee on February 18, 2010. Additionally, she reported that a two-page annual update report has been created that recaps the work done in 2009. She reported that to assist in the disseminating the information, staff posted the report on Facebook and Twitter. She also stated that a presentation is planned for SANDAG on March 19, 2010, and that in addition to having the RASP information on the Authority's website, it also has a link of its own at www.sdrasp.com.

AD HOC COMMITTEE

- **PORT DISTRICT AD HOC COMMITTEE:** None

LIAISONS

- **MILITARY AFFAIRS LIAISONS:**
Board Member Boland reported that he met with Brigadier General Bailey, the new Commanding General at MCRD. He stated that an invitation was extended to Brigadier General Bailey and his senior staff to visit SDIA and that they will be coming to the Authority for a briefing this month. Board Member Boland invited other Board Members to attend, if interested.
- **CALTRANS:** None

BOARD REPRESENTATIVES

- **SANDAG TRANSPORTATION COMMITTEE REPRESENTATIVE:**
Board Member Smisek reported that SANDAG meetings were held on February 5, 2010 and February 19, 2010. He stated that the main topic continues to be the loss of revenues for MTS and North County Transit. He reported that there was a presentation provided by estimators that alluded to the two contributing factors that are making today's economic downturn different from previous ones: the high unemployment rate and the resistance by consumers to spend money.
- **SCAG AVIATION TASK FORCE:** None
- **WORLD TRADE CENTER:**
Board Member Young reported that National City and the City of San Diego have expressed concern with Port Operations and the maintenance of infrastructure.

PRESIDENT/CEO REPORT:

Thella F. Bowens, President/CEO, reported that the airline industry is slightly optimistic regarding gradual improvement in the industry. She stated that North American travel demand is forecasted to be up by 2.1% this year, and San Diego is anticipated to have approximately a 1.5% increase over last year. Ms. Bowens reported that seven airlines are adding additional service to SDIA, and that more are expected to follow as the season gets under way; however, she stated that a flat season is still anticipated for SDIA.

Ms. Bowens also reported that The San Diego Business Journal in alliance with Intercare Insurance Solution, Inc. have selected San Diego County Regional Airport Authority as one of the First Annual Healthiest Employer Awards finalists. Ms. Bowens also reported that the Authority has been chosen as this year's Diamonds Awards Winner in the "Best New Programs" category for the Authority's Old Town Transit Center Airport Employee Express Bus. She reported that this award is given by the San Diego Association of Governments (SANDAG).

NON-AGENDA PUBLIC COMMENT (18 MINUTES):

SANDRA DIAZ, REPRESENTATIVE WITH SCIU, LOCAL 1877, CHULA VISTA, spoke regarding issues that the janitorial workers servicing SDIA are having with their employer (Flagship).

JESUS BERMUDEZ, SAN DIEGO, spoke regarding an incident with management that occurred to her as a janitorial contract worker at SDIA.

DOLORES CORRALES, SAN DIEGO, expressed concerns regarding the treatment by management of janitorial workers servicing SDIA.

FRANCISCO PINEDA, SAN DIEGO, spoke regarding concerns about the treatment by management of janitorial workers servicing SDIA.

Thella F. Bowens, President/CEO, reported that the contract for janitorial services is with the airlines consortium, and that the Airport Authority is not a party to the agreement.

Breton K. Lobner, General Counsel, stated that should the Board wish to discuss this matter further, it will need to be placed on a future agenda.

RICHARD ABDALA, OFF- AIRPORT PARKING, SAN DIEGO, spoke in opposition of the implementation of AVI fees.

SUHAIL KHALIL, POINT LOMA, spoke regarding discrepancies with the Flight Tracker System. He urged the Board to consider having the Flight Tracker System certified by the FAA.

Chairperson Gleason requested that this topic be placed on a future agenda, and that a presentation be provided to the Board by staff regarding the Flight Tracker System and its operation.

GREGG COOK, REPRESENTING THE GREATER CALIFORNIA LIBERTY ASSOCIATION, SACRAMENTO, expressed support for Assembly Bill 2572, which was not included in the March 2010 Legislative Report. He urged the Board to consider and support this legislation defining Charter Party Carrier, and other bills which impact the limousine industry. He provided a handout for the Board.

CONSENT AGENDA:

Board Member Desmond requested that Item 4 be removed from the Consent Agenda for discussion.

Board Member Finnila requested that Item 8 be removed from the Consent Agenda for discussion.

ACTION: Moved by Board Member Desmond and seconded by Board Member Finnila to approve the Consent Agenda as amended. Motion carried by the following vote: YES – Boland, Cox, Davies, Desmond, Finnila, Gleason, Panknin, Smisek, Young; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT- 0)

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 4, 2010 regular meeting, and the February 5, 2010 and February 6, 2010 special meetings.

2. ACCEPTANCE OF BOARD MEMBER'S WRITTEN REPORTS ON THEIR 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 attendance at other meetings, trainings and events not covered by the current resolution.

3. APPOINTMENTS TO BOARD COMMITTEES AND REPRESENTATIVES AND ALTERNATES TO THE SAN DIEGO ASSOCIATION OF GOVERNMENTS (SANDAG) AND THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG) AVIATION TASK FORCE:

RECOMMENDATION: Adopt Resolution No. 2010-0011, making appointments to Board Committees, and representatives and alternates to the SANDAG Transportation Committee and the SCAG Aviation Task Force.

4. MARCH 2010 LEGISLATIVE REPORT:

ACTION: This item was pulled from the Consent Agenda for discussion.

CLAIMS

5. AUTHORIZE THE REJECTION OF THE CLAIM OF CANDACE ANACKER:

RECOMMENDATION: Adopt Resolution No. 2010-0020, authorizing the rejection of the claim of Candace Anacker.

6. AUTHORIZE THE REJECTION OF THE CLAIM OF WENDY MCCREA:

RECOMMENDATION: Adopt Resolution No. 2010-0021, authorizing the rejection of the claim of Wendy McCrea.

COMMITTEE RECOMMENDATIONS

7. **QUARTERLY AUDIT ACTIVITIES REPORT – FISCAL YEAR 2010 SECOND QUARTER, AND REPORT ON AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the information.
8. **PROPOSED AMENDMENTS TO THE CHARTER OF THE OFFICE OF THE CHIEF AUDITOR:**
ACTION: This item was pulled from the Consent Agenda for discussion.
9. **PROPOSED AMENDMENTS TO THE CHARTER OF THE AUDIT COMMITTEE:**
RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2010-0023, approving the amendments to the Charter of the Audit Committee.

CONTRACTS AND AGREEMENTS

10. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM JANUARY 12, 2010 THROUGH FEBRUARY 7, 2010 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JANUARY 12, 2010 THROUGH FEBRUARY 7, 2010:**
RECOMMENDATION: Receive the report.
11. **MAKE A FINDING OF “NECESSITY” PURSUANT TO PUBLIC CONTRACT CODE SECTION 4109 AND AUTHORIZE INLAND VALLEY ENGINEERING AND DALEY CORPORATION, TO PERFORM WORK AS SUBCONTRACTORS TO ENSLEY ELECTRIC, INC., PROJECT: AIRFIELD INFORMATION SIGNS AND REPLACE/UPGRADE TAXIWAY LIGHTS:**
RECOMMENDATION: Adopt Resolution No. 2010-0024, making a finding of “necessity” under Public Contract Code Section 4109 and authorizing Inland Valley Engineering and Daley Corporation to perform work as subcontractors, to Ensley Electric, Inc., on Project Nos. 104059/104061, Airfield Information Signs and Replace/Upgrade Taxiway Lights.

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

12. **AUTHORIZE THE PRESIDENT/CEO TO AWARD A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC. FOR QUIETER HOME PROGRAM PHASE 5, GROUP 7A (100 WEST SIDE NON-HISTORIC CONDOMINIUM UNITS):**
RECOMMENDATION: Adopt Resolution No. 2010-0025, authorizing the President/CEO to award a contract to G&G Specialty Contractors, Inc. in the amount of \$2,211,948, for Phase 5, Group 7A, Project No. 380507A of the San Diego County Regional Airport Authority's Quieter Home Program.
13. **AWARD A CONTRACT TO KONE INC. FOR ELEVATOR AND ESCALATOR MAINTENANCE AND REPAIR SERVICES:**
RECOMMENDATION: Adopt Resolution No. 2010-0026, authorizing the President/CEO to award a contract to KONE Inc. ("KONE"), for Elevator and Escalator Maintenance and Repair Services, at the San Diego International Airport ("SDIA"), for a term of three years in an amount not to exceed \$6,500,000.

ITEMS PULLED FROM THE CONSENT AGENDA FOR DISCUSSION:

4. **MARCH 2010 LEGISLATIVE REPORT:**
In response to Board Member Desmond regarding how much of the current \$4.50 Passenger Facility Charge comes to the Authority, Thella F. Bowens, President/CEO, stated that the Authority receives all but \$.11 cents of the charge. She stated that these monies can only be used for infrastructure improvements.

In response to Board Member Desmond regarding what position, if any, has been taken by the California Airports Council on SB1264 – Commercial Airlines – Passenger Rights, Ms. Bowens stated that the Airports Council International is watching the legislation to ensure that the final bill will be one that can be executed properly; since the way the bill is currently crafted creates some concerns on timeliness.

RECOMMENDATION: Adopt Resolution No. 2010-0018, approving the March 2010 Legislative Report.

ACTION: Moved by Board Member Desmond and seconded by Board Member Cox to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Davies, Desmond, Finnilla, Gleason, Panknin, Smisek, Young; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT- 0)

8. PROPOSED AMENDMENTS TO THE CHARTER OF THE OFFICE OF THE CHIEF AUDITOR:

Board Member Finnila requested a correction to the Charter of the Office of the Chief Auditor, on Page 5, Section 11 – Report of Irregularities. She requested that the language: "...report the matter to the full Board in an executive session..." be revised to say: "...report the matter to the full Board in Closed Session...".

RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2010-0022, approving the amendments to the Charter of the Office of the Chief Auditor.

ACTION: Moved by Board Member Finnila and seconded by Board Member Desmond to adopt Resolution No. 2010-0022R approving the Charter of the Office of the Chief Auditor as amended. Motion carried by the following vote: YES – Boland, Cox, Davies, Desmond, Finnila, Gleason, Panknin, Smisek, Young; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT– 0)

The Board recessed at 10:52 A.M. and reconvened at 11:05 A.M.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

Chairperson Gleason announced that Item 15 would be heard next.

15. IMPLEMENTATION OF VEHICLE CONVERSION INCENTIVE-BASED PROGRAM PURSUANT TO MEMORANDUM OF UNDERSTANDING WITH THE CALIFORNIA ATTORNEY GENERAL:

Angela Shafer-Payne, Vice President, Planning & Operations, provided a presentation on the implementation of Vehicle Conversion Incentive-Based Program pursuant to a Memorandum of Understanding with the California Attorney General which included an overview of prior Board Resolution No. 2009-0150R (Adopted December 3, 2009); Time Extension Granted by AG; Mandatory Shuttle Conversion; and the Board Direction Given at February 4, 2010 Meeting; Incentive Program Compliance Goal of 100% Conversions by FY2017; and Standardized Vehicle Age Replacement Policy.

Ms. Shafer-Payne provided additional information which included Consolidated Incentive for AFV Hotel/Motel Courtesy Shuttles; Possible Consolidated Courtesy Shuttle Routes; Applicability of Incentive Program; GTMP Fee Schedule with AQMP Fee-Based Incentives; Examples of Fee-Based Incentives for Alternative Fuel Vehicles (AFVs) vs. Non-Alternative Fuel Vehicles (NAFVs) (Based on GTMP User Fees adopted 1/7/10); "Clean Air Vehicle" Option; Survey of Other Airport Vehicle Programs; Stakeholder Outreach; Review of Incentive Program Provisions; and Staff Recommendations.

Chairperson Gleason requested that General Counsel provide a report on what transpired from his communication with the Office of the Attorney General in this regard.

Breton K. Lobner, General Counsel, reported that he spoke with the Attorney General and his staff to discuss this matter. He stated that the MOU was very limited in its scope when crafted, and that there was no mandatory phase-out included in the MOU. Mr. Lobner stated that the Attorney General supports the concept of using the Vehicle Code as an alternative to the "Alternative Fuel" definition that is in the Governor's Executive Order. He stated that there is an understanding that in the future, after the Board action, rules and regulations will be enacted that will be part of the program. Mr. Lobner also stated that the Attorney General is cognizant of the fact that the limited number of alternative fuel stations in the County of San Diego would create some implementation and operational problems; therefore is willing to work with the Authority through this process, and address concerns as warranted.

Mr. Lobner reported that a copy of the Air Quality Management Plan was sent to the Office of the Attorney General, and that once prepared, copies of the Rules and Regulations would be submitted to the Attorney General for feedback as well. Mr. Lobner stated that on February 22, 2010, he submitted a memorandum to the Board and President/CEO, explaining how the Air Quality Management Plan interfaces with the Comprehensive Ground Transportation Management Plan.

Board Member Finnila reported *ex-parte* communication with Kamran Hamidi. She expressed concern with the trip fees that would be assessed under the Plan, given the current economy, and recommended delaying the trip fees to 2012 for taxis.

Board Member Cox reported *ex-parte* communication with Jelena Rowe, Clean Energy. He recommended that the Air Pollution Control District County of San Diego (APCD) be part of the working group and continue to be included in the evaluation process.

Board Member Panknin expressed continued concern for the applicable fees for "Off-Airport Parking Shuttles", and stated that that he could not support this Plan as long as the fee structure remains as it is in this area. He suggested that the Board revisit the fees.

In regard to the 7-year Vehicle Replacement Policy, Board Member Boland suggested adopting some standardization in the future.

Chairperson Gleason reported the following ex-parte communications regarding this item: 1) Met with Kamran Hamidi on February 22, 2010, and 2) Charlie Holliday with HMA on February 25, 2010.

KAMRAN HAMIDI, SAN DIEGO, spoke in opposition of trip fees, and urged the Board to adopt a version of the MOU with a default plan.

CAROLYN REYNOLDS, spoke in support of the Vehicle Conversion Incentive-Based Program.

GREGG COOK, REPRESENTING THE GREATER CALIFORNIA LIBERTY ASSOCIATION, SACRAMENTO, expressed support for the Vehicle Conversion Incentive-Based Program.

Board Member Young left at 11:45 A.M.

ALAN SHANEDLING, GREATER CALIFORNIA LIVERY ASSOCIATION, LOS ANGELES, spoke in support of implementing the Vehicle Conversion Incentive-Based Program, and stated that there is a lack of infrastructure.

NAMARA MERCER, SAN DIEGO, spoke in support of the Vehicle Conversion Incentive-Based Program, but expressed concern that information recently presented at the GTAG meeting was revised regarding the cost that goes into effect if actual conversion to an alternative fuel vehicle is made.

TONY HUESO, SAN DIEGO, spoke in support of the Vehicle Conversion Incentive-Based Program as long as the plan is evaluated on an annual basis.

MIKE MCDADE, SAN DIEGO CAB PERMIT HOLDERS ASSOCIATION, SAN DIEGO, spoke in support of the Vehicle Conversion Incentive-Based Program.

ADRIAN KWIATKOWSKI, SAN DIEGO, suggested that other similar programs should be considered before this plan is adopted. He expressed concern regarding the incentive portion of the program decreasing by fiscal year.

JOHN HAWKINS, SAN DIEGO, spoke in opposition to the Vehicle Conversion Incentive-Based Program. He expressed concern with several compliance issues in the program.

Board Member Panknin expressed concern with the 7-year model vehicle requirement. He suggested the implementation of an inspection system. He also expressed concern with the fee structure in the Plan as it applies to off-site parking shuttles.

Board Member Finnila suggested that "stakeholders" be asked to provide a written evaluation at the end of the plan's evaluation period.

Chairperson Gleason stated that he is uncomfortable with the Plan because it is overreaching in regards to taxis. He suggested that the Board could discuss the ground transportation phase at the Budget Workshop in May.

RECOMMENDATION: Adopt Resolution No. 2010-0027, approving the implementation of the Vehicle Conversion Incentive-Based Program pursuant to the Memorandum of Understanding with the California Attorney General.

ACTION: Moved by Board Member Davies and seconded by Board Member Desmond to adopt Resolution No. 2010-0027R approving the program. Motion carried by the following vote: YES – Boland, Cox, Davies, Desmond, Finnila; NO – Gleason, Panknin, Smisek; ABSENT - Young. (Weighted Vote Points: YES – 54; NO – 33; ABSENT- 13)

The Board recessed at 12:35 P.M. and reconvened at 12:48 P.M.

CLOSED SESSION: The Board recessed into closed session at 12:49 P.M. to hear Items 18 and 22.

**18. 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).

19. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

Real Property Negotiations pursuant to Cal. Gov. Code sections 54954.5(b) and section 54956.8.

Property: 1.15 acre parcel located at the northern terminus of 13th Street in Imperial Beach

Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer under Negotiation: Sale – Terms of Payment and Conditions

- 20. 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
- 21. 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
- 22. CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION**
(Cal. Gov. Code Section 54956.9(a)):
San Diego Unified Port District v. Argonaut Insurance Company, et al, L.A.S.C. GIC 874394
- 23. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real Property Negotiations pursuant to Cal Gov. Code §§ 54954.5(b) 54956.8
Property: 3.76 acre easement across MCRD 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 Leech, Director, Real Estate Management.
Under Negotiation: Consideration of MCRD's request for exclusive use of portion of the easement.

REPORT ON CLOSED SESSION: The Board reconvened into open session at 1:49 P.M. Breton Lobner, General Counsel reported that, in regards to Item 18, it was moved by Board Member Cox and seconded by Board Member Smisek to authorize the General Counsel to sign a "Conflict Waiver" letter with the law firm of Allen Matkins, noting that Board Member Davies recused himself and did not participate in the vote, with a vote of 7-0, and noting Board Member Young as Absent, and that the remaining Board Members voted in the affirmative; in regards to Item 22, it was moved by Board Member Boland and seconded by Board Member Davies that the Board refine its authorization to the General Counsel, and to the Board Chair to approve a settlement agreement of \$1,440,000 with a vote of 8-0, noting Board Member Young as Absent.

14. AIRPORT AUTHORITY PENSION PLAN FUNDING LEVEL:

Jeff Lindeman, Director, Human Resources, provided a presentation regarding the Authority Pension Plan Funding Level which included Background; Current Pension Funding Levels Benchmarks; Potential SDCRAA Funding Levels as of June 30, 2010; Pension Plan Vesting Comparison; and Recap of Executive Personnel and Compensation Committee Recommendation & Alternative Option.

Board Member Cox suggested considering Pension Obligation Bonds.

Board Member Boland recommended staying with the 95% funding level, and tasking the Executive Personnel and Compensation Committee with analyzing the current policy, and to provide a recommended funding level based on substantiated data. He also expressed concern that a change in funding level unsupported by policy may be detrimental for the Authority when viewed by the bonding agency.

Board Member Panknin suggested that this item be added to the agenda of the next Finance Committee Meeting. He stated that it would be beneficial to have this Committee's feedback prior to finalizing the Pension Plan Funding Level.

Board Member Smisek expressed concern with funding the Plan at this time without further review.

Thella F. Bowens, President/CEO, stated that the actuarial figures for 2010 will not be changing; therefore one of the following actions needs to occur: 1) the policy should be revised; 2) decide to fund the Plan at some other level; or 3) fund the Pension Plan at 95% level.

Board Member Cox recommended that since there is time to make a decision, no action should be taken at this time on this item until the policy is reviewed, and all options are thoroughly investigated, including the use of Pension Obligation Bonds.

Board Member Desmond recommended that a joint meeting be held between the Executive Personnel and Compensation Committee and Finance Committee to discuss this item.

RECOMMENDATION: The Executive Personnel & Compensation Committee recommends that the Board maintain the existing 95% pension funding requirement under Board Resolution 2006-0152.

ACTION: Moved by Board Member Cox and seconded by Board Member Finnila to defer action on this item and to refer it to a joint meeting of the Finance and Executive Personnel and Compensation Committees for further review and to forward a recommendation to the Board for action prior to the end of the fiscal year. Motion carried by the following vote: YES – Boland, Cox, Davies, Desmond, Finnila, Gleason, Panknin, Smisek; NO – None; ABSENT - Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT- 13)

16. **RECEIVE PRESENTATION OF THE TERMINAL DEVELOPMENT PROGRAM DESIGN, CONSTRUCTION AND BUDGET STATUS AND:
(1) AUTHORIZE A TIME EXTENSION OF PREVIOUSLY APPROVED FUNDS TO FUTURE DESIGN, MANAGEMENT AND CONSTRUCTION PHASE SERVICES; (2) AUTHORIZE PRESIDENT/CEO TO EXECUTE TASK AUTHORIZATIONS FOR DESIGN PHASE SERVICES, MANAGEMENT SERVICES AND WORK AUTHORIZATIONS FOR CONSTRUCTION PHASE SERVICES, AND (4) AUTHORIZE PROGRAM FUNDING:**

Steve Cornell, Director, Terminal Development Program, provided a presentation of the Terminal Development Program Design, Construction and Budget Status which included Program Overview; Status of Terminal Development Program (TDP) Design/Construction; Status of Proposed TDP Budget; and Graphical Design Review.

RECOMMENDATION:

1. Adopt Resolution No. 2010-0029, authorizing the extension of Task Authorization funds, in the not to exceed amount of sixty-six million, two hundred thousand dollars (\$66,200,000), granted for Contract 1 (Terminal 2 West Building and Airside Expansion at San Diego International Airport) at the April 2, 2009 and July 9, 2009, Board Meetings for Future Design and Design/Construction Phase Management Services.

ACTION: Moved by Board Member Boland and seconded by Board Member Panknin to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Davies, Desmond, Finnila, Gleason, Panknin, Smisek; NO – None; ABSENT - Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT- 13)

2. Adopt Resolution No. 2010-0030, approving and authorizing the President/CEO to execute Task Authorizations for design and construction phase management services and release funding under Contract 2 (Terminal 2 Elevated Departure Curb / Transit Plaza and Landside Modifications at San Diego International Airport) in an amount not to exceed five million dollars (\$5,000,000).

ACTION: Moved by Board Member Boland and seconded by Board Member Panknin to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Davies, Desmond, Finnilla, Gleason, Panknin, Smisek; NO – None; ABSENT - Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT- 13)

3. Adopt Resolution No. 2010-0031, approving and authorizing the President/CEO to execute Work Authorizations for construction-phase services and release of funding under Contract 2 (Terminal 2 Elevated Departure Curb / Transit Plaza and Landside Modifications at San Diego International Airport) in an amount not to exceed five million dollars, (5,000,000).

ACTION: Moved by Board Member Boland and seconded by Board Member Panknin to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Davies, Desmond, Finnilla, Gleason, Panknin, Smisek; NO – None; ABSENT - Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT- 13)

17. DISCUSSION AND POSSIBLE DIRECTION REGARDING THE FY2011 BUDGET PLANNING PROCESS:

Thella F. Bowens, President/CEO, and Vernon Evans, Vice President, Finance/Treasurer, provided a presentation regarding the FY2011 Budget Planning Process which included Organizational Goals; Sustainability Objectives; Guiding Principles; Work Plan Budget Challenges; Two-year Budget Analysis; and Status and Timeline.

In response to Chairperson Gleason regarding whether a two-year budget cycle process can begin this year, Mr. Evans stated that this could be done; however he stated that it would be preferable to begin next year to allow staff additional time to do the prep work required.

Board Member Cox recommended, and the Board concurred that a two-year budget cycle should begin with FY 2011 with the understanding that it will be a learning process.

Board Member Cox suggested evaluating the process on a quarterly basis and making adjustments as needed. He stated this action would place the Authority in a stronger financial position.

Chairperson Gleason requested that staff present alternatives in regards to the budget priorities at the April budget workshop.

RECOMMENDATION: Provide direction to staff.

ACTION: No action taken.

NON-AGENDA PUBLIC COMMENT:


GENERAL COUNSEL REPORT:

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:

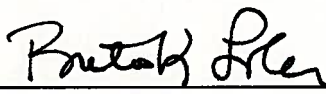
ADJOURNMENT: The meeting was adjourned at 2:45 P.M.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 1ST DAY OF APRIL, 2010.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL