

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD MEETING AND EXECUTIVE/FINANCE COMMITTEE
MEETING MINUTES
MONDAY, JUNE 21, 2010
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER

Chair Gleason called the special Board Meeting, and the Executive/Finance Committee Meeting to order at 9:01 a.m., Monday, June 21, 2010, 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 Young led the Pledge of Allegiance.

ROLL CALL

Board

Present: Board Members: Cox, Finnila, Gleason, Panknin,
Robinson, Smisek, Young

Absent: Board Members: Berman (Ex Officio), Boland, Desmond,
Richie (Ex Officio)

Executive Committee

Present: Committee Members: Cox, Gleason, Smisek

Absent: Committee Members: None

Finance Committee

Present: Committee Members: Cox, Finnila, Panknin, Young

Absent: Committee Members: None

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

PUBLIC COMMENT

CARELYN REYNOLDS, SAN DIEGO, spoke in support of a non-concession model for ground transportation, and commended the Authority on its open communication with the taxi and shuttle drivers.

Chair Gleason welcomed John Buldoc, Chief of Police, Harbor Police Department.

BOARD BUSINESS

1. AIRPORT AUTHORITY PENSION FUNDING LEVEL:

Jeff Lindeman, Director, Human Resources, provided an overview of the report.

RECOMMENDATION: The Executive Personnel & Compensation Committee recommends that the Board adopt Resolution No. 2010-0049, amending the 95% pension funding requirement under Board Resolution 2006-0152 to include a minimum 90% pension funded level with a strategy to achieve a 95% funded level target.

ACTION: Moved by Board Member Smisek and seconded by Board Member Finnila to approve staff's recommendation. Motion carried by the following vote: YES – Cox, Finnila, Gleason, Panknin, Robinson, Smisek, Young; NO – None; ABSENT – Boland, Desmond. (Weighted Vote Points: YES – 75; NO – 0; ABSENT – 25)

2. ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2011 AND THE CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2011-2015; AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2012:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Operating Budget for Fiscal Year 2011, which included the Organizational Goals, Guiding Principles, Two Year Budget, Economic and Industry Overview, Expense Budget Overview, Division Expense Budgets, Proposed Capital Improvement Program FY2011-2015; and the Plan of Finance FY2011-2015.

Board Member Panknin expressed concern regarding the off-airport parking fees included in the budget. He suggested reducing the off-airport fee by half, and stated that he will not support a budget with the current fees.

Board Member Finnila stated that, in regards to the Board's budget, the difference between board support costs and board member expenses needs to be clearly outlined.

Chair Gleason noted that it would be helpful to receive a report that shows Board Member expenses to date on a regular basis.

Board Member Finnila commented on the size of the public outreach budget, and stated that if any further cuts are needed, they should come from this area.

In response to Board Member Cox regarding airport parking and if the Authority pays a permit fee for their own shuttles, Thella F. Bowens, President/CEO, stated that there is no fee at this time, and the permit fee is set by the Board. She stated that when the Request for Proposal is initiated for parking operations, the parking fee will be included. She further stated that the Board reviews the parking rate annually.

Chair Gleason expressed concern regarding the ground transportation fees, and suggested that extending the phase-in period over time would be the best way to handle the increase in fees.

Board Member Smisek expressed concern with the off-airport fees, but suggested that they be approved for this budget, and that the Board could revisit this issue as part of the 2012 budget.

Board Member Finnila stated that she had hoped to receive a more thorough evaluation from staff of the ground transportation options with more information provided.

Ms. Bowens noted that there is a cost recovery issue with ground transportation. She stated that all facets of the airport operate off cost recovery, but historically, ground transportation is an area where the Authority has not been able to recover the costs. She stated that the proposed budget allocations will allow cost recovery, based upon a proportional use from each mode. She further stated that any adjustments that are made to off airport parking or any other mode must be applied to all areas of ground transportation to balance the cost recovery.

Chair Gleason noted that the cost recovery issue needs to be reviewed well ahead of the budget cycle in the future.

RICHARD ABDALA, SAN DIEGO, San Diego Off-Airport Parking Association, stated that it is very challenging being in direct competition with the Airport. He urged the Board to reconsider the ground transportation fees.

LISA MCGHEE, SAN DIEGO, spoke regarding alternative fuel vehicles and the incentive based program.

JACK MONGER, CORONADO, San Diego Off-Airport Parking Association, stated that the methodology is fair. He stated that their concerns are in regards to the phasing-in of the fees.

KAMRAN HAMIDI, SAN DIEGO, spoke in opposition to trip fees for taxicabs.

MARGO TANQUAY, SAN DIEGO, spoke regarding the amount of the fee increase. She stated that this is an economic issue.

In response to Chair Gleason regarding the adoption of the fees, Breton Lobner, General Counsel, stated that the Comprehensive Ground Transportation Management Plan was adopted by the Board at their January 7, 2010 meeting, which included specific fees. He stated that on March 4, 2010, the Board considered the Vehicle Conversion Incentive-Based Program, and approved the fees that are contained in the budget for FY 2011.

Board Member Panknin expressed concern regarding the impact the ground transportation fees will have on small businesses. He moved to adopt only a 50% increase in fees. Board Member Smisek seconded the motion.

Board Member Cox suggested phasing in the fees over four years instead of two.

Mr. Lobner requested a point of order, and noted that because ground transportation is not on the agenda, the Board discussion needs to be limited to the budget. He stated that the Board can adopt the budget without the ground transportation fees, and direct staff to place the item on the July 1, 2010 Board agenda.

Board Member Finnila moved to adopt the budget without the ground transportation fees, and to place an item on the July 1, 2010 Board agenda to address this issue. Board Member Smisek seconded the motion.

In response to Chair Gleason regarding the impact of removing the fees from the budget, Mr. Lobner stated that the fees that are adopted will go into effect on July 1; however, the Board, at the July 1, 2010 Board Meeting, could amend or rescind the prior action.

Board Member Smisek requested that the ground transportation issue be added to the July 1, 2010 Board agenda.

Board Member Young requested that staff provide clear information on the fiscal impact.

RECOMMENDATION: Adopt Resolution No. 2010-0060, approving the operating budget for Fiscal Year 2011, and Capital Improvement Program for Fiscal Years 2011-2015, and conceptual approval of the operating budget for Fiscal Year 2012.

ACTION: Moved by Board Member Finnila and seconded by Board Member Smisek to approve the operating budget for Fiscal Year 2011 without the ground transportation fees, and the Capital Improvement Program for Fiscal Years 2011-2015, and conceptual approval of the operating budget for Fiscal Year 2012, and to add an item to the July 1, 2010 Board meeting to address ground transportation fees.

Motion carried by the following vote: YES – Cox, Finnila, Gleason, Panknin, Robinson, Smisek, Young; NO – None; ABSENT – Boland, Desmond; ABSTAIN – None. (Weighted Vote Points: YES – 75; NO – 0; ABSENT – 25; ABSTAIN - 0)

The Board recessed at 10:29 a.m. and reconvened at 10:39 a.m.

FINANCE COMMITTEE NEW BUSINESS

3. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE ELEVEN MONTHS ENDED MAY 31, 2010:

Kathy Kiefer, Director, Accounting, provided a presentation on the Unaudited Financial Statements for the Eleven Months Ended May 31, 2010, which included Enplanements, Gross Landing Weight Units, Airport Parking Transactions, Car Rental License Fees, Operating Revenues for the Month Ended May 31, 2010, Financial Summary for the Month Ended May 31, 2010, Monthly Operating Revenue FY 2010, Financial Summary for the Eleven Months Ended May 31, 2010, Balance Sheets, Trended Financial Statements.

Board Member Finnila noted that the trended financial statements provide a more accurate picture of how the Authority is doing, and the data should be used to communicate with the public as much as possible.

RECOMMENDATION: Receive the report.

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

4. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF MAY 31, 2010:

Scott Brickner, Director, Financial Planning & Budget, provided a presentation on the Authority's Investment Report as of May 31, 2010, which included the Total Portfolio Summary, Portfolio Composition by Security Type, Portfolio Maturity Distribution, and Benchmark Comparison.

RECOMMENDATION: Receive the report.

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

5. REVIEW OF THE SUMMARY OF OUTSTANDING COMMERCIAL PAPER:

Scott Brickner, Director, Financial Planning & Budget, provided a presentation on the Summary of Outstanding Commercial Paper.

RECOMMENDATION: Receive the report.

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

6. PROPOSED 2010 AIRPORT REVENUE BOND UPDATE:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the proposed 2010 Airport Revenue Bond Update.

EXECUTIVE COMMITTEE NEW BUSINESS

7. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the May 24, 2010 Committee Meeting.

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

8. **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 reimbursements requests.

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

REVIEW OF FUTURE AGENDAS

9. **REVIEW OF THE DRAFT AGENDA FOR THE JULY 1, 2010 BOARD MEETING:**
Thella F. Bowens, President/CEO, presented the draft agenda for the July 1, 2010 Board Meeting.

Ms. Bowens noted that Item B, Introduction of John Buldoc, Chief of Harbor Police, was removed from the agenda.

Chair Gleason requested that the title for Item 12, Presentation on Development and Financing Discussion for North Side Projects, be clarified.

Board Member Panknin suggested that the recommendation for Item 16, Structure, Composition and Work Plan for the Advisory Committee, be changed to allow Board approval. Chair Gleason suggested that the item be for conceptual approval.

Chair Gleason requested that an item be added to the agenda for a discussion regarding the ground transportation fees. He also requested that an item be added regarding a possible amendment to the budget.

ACTION: Moved by Board Member Smisek and seconded by Board Member Cox to approve the draft July 1, 2010 Board Agenda as amended. Motion carried unanimously.

10. **REVIEW OF THE DRAFT AGENDA FOR THE JULY 1, 2010 AIRPORT LAND USE COMMISSION MEETING:**
Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the July 1, 2010 Airport Land Use Commission meeting.

Chair Gleason requested that Item 7, consistency determination for 2155 First Avenue, be moved to the September 2, 2010 agenda.

ACTION: Moved by Board Member Smisek and seconded by Board Member Cox to approve the draft July 1, 2010 Airport Land Use Commission Agenda as amended. Motion carried unanimously.

PRESIDENT/CEO REPORT – None


NON-AGENDA PUBLIC COMMENT – None

COMMITTEE MEMBER COMMENTS – None

ADJOURNMENT

The meeting was adjourned at 11:19 a.m. The next meeting will be held on August 23, 2010, 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 SAN DIEGO COUNTY REGIONAL AIRPORT BOARD THIS 2ND DAY OF SEPTEMBER, 2010.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL