

DRAFT

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, FEBRUARY 14, 2013
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER: Chair Gleason called the special meeting of the San Diego County Regional Airport Authority Board to order at 9:05 a.m. on Thursday, February 14, 2013 in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

ROLL CALL:

PRESENT: Board Members: Alvarez, Boland, Cox, Desmond, Gleason, Hubbs, Robinson, Sessom, Smisek

ABSENT: Board Members: Berman (Ex Officio), Reyes (Ex Officio)

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

PLEDGE OF ALLEGIANCE: Board Member Sessom led the Pledge of Allegiance.

Authority Clerk Tony R. Russell administered the Oath of Office to newly appointed Board Members Alvarez and Sessom.

BOARD BUSINESS:

• **ELECTION OF BOARD OFFICERS**

ACTION: Moved by Board Member Boland and seconded by Board Member Cox to appoint Board Member Robinson as Vice Chair of the Board. Motion carried by the following vote: YES – Alvarez, Boland, Cox, Desmond, Gleason, Hubbs, Robinson, Sessom; NO – None; ABSENT – Smisek. (Weighted Vote Points: YES – 88; NO – 0; ABSENT – 12)

Board Member Smisek arrived at the meeting at 9:10 a.m.

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PRESENTATION:

A. FINANCIAL UPDATE FOR SIX MONTHS ENDED DECEMBER 31, 2012:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Financial Update for Six Months Ended December 31, 2012, which included Operating Revenue, Operating Expenses, Non-Operating Revenue and Expenses, Balance Sheets (Unaudited), Total Portfolio Summary, and Bond Proceeds Summary.

Vernon Evans, Vice President, Finance/Treasurer, also provided a presentation on the Series 2013 Bond Sale, which included the 2013 Bond Issuance Process, Successful Rating Strategy, Investor Outreach, and 2013 Bond Deal Structure. He stated that as a result, the Airport Authority was able to secure a significantly low all-in borrowing cost at 3.92%.

In response to clarification by Board Member Desmond in regard to whether the percent change column on slide 11, Operating Expenses, covers the previous year, or whether it is between the Budget to Actual columns, Vernon Evans, Vice President, Finance/Treasurer, stated that staff would confirm which the percent change column represents.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Board Member Smisek reported that the Committee met on February 4, 2013.

- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
Board Member Boland reported that the request by Board Member Alvarez for consideration of a change in the Committee meeting dates would be addressed at its next meeting. Board Member Boland reported that the Green Build project is on schedule and on budget; the second level roadway and parking lot is just 74 days away from substantial completion; the new parking management office is now open for business; the old parking management building adjacent to the new USO is demolished and a project is underway for the USO outside courtyard and picnic area. He requested a Special Meeting of the Committee on February 25, 2013 to discuss the Rental Car Center Project.

- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Desmond reported that the Committee met on January 16, 2013 to discuss Closed Session agenda items. He noted that the Committee would be meeting in Closed Session following the Board Meeting. He also reported that a Special Meeting of the Committee is scheduled for March 7, 2013, following the Board meeting.
- **FINANCE COMMITTEE:** None

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Board Member Smisek noted that the next meeting of the Committee is scheduled for February 27, 2013.
- **ART ADVISORY COMMITTEE:**
Chair Gleason noted that Item 11 was forwarded to the Board for approval. He reported that at its last meeting, the Committee voted to deaccession the Lucky Spirit Mural, due to the damage and condition of the material and the mounting mechanism. He stated that a Request for Proposals will be issued for an artist's opportunity regarding San Diego's long connection to the golden age of flight.

Thella F. Bowens, President/CEO stated that due to community concerns about the timeframe for the new murals, staff will be looking at ways to expedite the process.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN FOR SAN DIEGO INTERNATIONAL AIRPORT:**
Board Member Robinson reported that staff is in the process of scheduling meetings to brief elected officials and community planning groups on the draft ALUCP.
- **CALTRANS:** None.
- **INTER-GOVERNMENTAL AFFAIRS:**
Board Member Cox reported that on January 7th, Authority staff provided an update on the airport to Congressman Darrell Issa's staff; on January 16th, Authority staff provided briefing and airfield tour to County Supervisor Ron Robert's staff; on February 21st, Authority staff will provide a briefing and airfield tour to City of San Diego Councilmember Scott Sherman; and on February 22nd, Authority staff will provide a briefing and airfield tour to newly elected City of Vista Councilmembers Amanda Rigby and Cody Campbell.

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- **MILITARY AFFAIRS:**
Board Member Boland reported that sequestration may potentially create a significant decrease in Navy personnel air travel at San Diego International Airport. He suggested that staff monitor air travel for the next quarter.
- **PORT:**
Chair Gleason reported that there is a Port-related item scheduled on the agenda for Board discussion in Closed Session.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Board Member Smisek reported that at its February 15, 2013 meeting, the Committee will discuss the development, implementation and operation of the Integrated Corridor Management (ICM) system project, a pilot program for regulating traffic on the I-15 corridor.

Board Member Sessom suggested the Authority Board should have representation at future SANDAG meetings to address Airport related matters discussed at its recent retreat.

- **WORLD TRADE CENTER:** Chair Gleason reported that he will assume the liaison duties for this group.

CHAIR'S REPORT:

Chair Gleason reported that the Board Retreat is scheduled for March 1st and 2nd at the Airport Authority.

PRESIDENT/CEO'S REPORT:

Thella F. Bowens, President/CEO, provided an update on the recent announcement of the merger between American Airlines and U.S. Airways. She reported that the Authority was the recent recipient of two Routes Airport Marketing Awards, and she recognized Hampton Brown, Director, Air Service Development and his staff for their work to increase route service at San Diego International Airport.

NON-AGENDA PUBLIC COMMENT:

MICHEL ANDERSON, SAN DIEGO, suggested that the Commuter Terminal east-facing wall be used for vintage airport-related advertising that would also create an income source for the Authority.

CONSENT AGENDA (Items 1-14):

Chair Gleason requested that Item 4 be pulled from the Consent Agenda for discussion.

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

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the January 10, 2013 special meeting.
2. **ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS 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 Board member attendance at other meetings, trainings and events not covered by the current resolution.
3. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM DECEMBER 10, 2012 THROUGH JANUARY 6, 2013 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM DECEMBER 10, 2012 THROUGH JANUARY 6, 2013:**
RECOMMENDATION: Receive the report.
4. **FEBRUARY 2013 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2013-0008, approving the February 2013 Legislative Report.
5. **APPOINTMENTS TO BOARD COMMITTEES, LIAISON POSITIONS, OTHER REPRESENTATIVE AND ALTERNATE POSITIONS:**
RECOMMENDATION: Adopt Resolution No. 2013-0009, making appointments to Board committees, liaison positions, the SANDAG Transportation Committee, and the World Trade Center Board.

CLAIMS

6. **AUTHORIZE THE REJECTION OF THE CLAIM OF BRIDGIT LEE:**
RECOMMENDATION: Adopt Resolution No. 2013-0010, authorizing the rejection of the claim of Bridgit Lee.

7. **AUTHORIZE THE REJECTION OF THE CLAIM OF JEFF PURVIS:**
RECOMMENDATION: Adopt Resolution No. 2013-0011, authorizing the rejection of the claim of Jeff Purvis.
8. **AUTHORIZE THE REJECTION OF THE CLAIM OF JUDY MOHNEY:**
RECOMMENDATION: Adopt Resolution No. 2013-0012, authorizing the rejection of the claim of Judy Mohney.
9. **AUTHORIZE THE APPROVAL OF THE APPLICATION FOR LEAVE TO PRESENT A LATE CLAIM OF KAREN BABESHOFF:**
RECOMMENDATION: Adopt Resolution No. 2013-0013, authorizing the approval of the "Application for Leave to Present a Late Claim" of Karen Babeshoff.
10. **AUTHORIZE THE REJECTION OF THE CLAIM OF KAREN BABESHOFF:**
RECOMMENDATION: Adopt Resolution No. 2013-0014, authorizing the rejection of the claim of Karen Babeshoff.

COMMITTEE RECOMMENDATIONS

11. **AWARD AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A CONTRACT WITH MIKI IWASAKI DBA MI-WORKSHOP TO DESIGN INTEGRATED ARTWORK FOR SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: The Art Advisory Committee recommends that the Board adopt Resolution No. 2013-0015, awarding Miki Iwasaki DBA Mi-Workshop the commission for the Terminal 1 Food Court Public Art Opportunity in an amount not to exceed \$110,000.
12. **REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2012:**
RECOMMENDATION: The Finance Committee recommends that the Board accept the report.
13. **REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF DECEMBER 31, 2012:**
RECOMMENDATION: The Finance Committee recommends that the Board accept the report.

CONTRACTS AND AGREEMENTS

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

14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A RUNWAY RUBBER REMOVAL SERVICES AGREEMENT:

RECOMMENDATION: Adopt Resolution No. 2013-0016, approving and authorizing the President/CEO to execute an agreement with Abhe & Svoboda, Inc., for a term of three years, with the option for two one-year extensions to be exercised at the discretion of the President/CEO, in an amount not-to-exceed \$1,524,500, to provide runway rubber removal services, at San Diego International Airport.

ITEM PULLED FROM THE CONSENT AGENDA:

4. FEBRUARY 2013 LEGISLATIVE REPORT:

Chair Gleason requested that for the benefit of Board Members Alvarez and Sessom, that staff provide an update on the clean up provisions for the Authority's enabling statute at the State. Mike Kulis, Director, Intergovernmental and Community Relations, provided a brief explanation of the proposed revisions.

Board Member Sessom requested that in the future, staff provide the Board any proposed legislation in advance of a request for Board action.

Board Member Alvarez expressed concern that the bill language is not included and requested that the recommendation be amended to clarify that the Board is only authorizing a place holder for this bill and the position of support should be removed.

RECOMMENDATION: Adopt Resolution No. 2013-0008, approving the February 2013 Legislative Report.

ACTION: Moved by Board Member Boland and seconded by Board Member Smisek to approve staff's recommendation, amending the recommendation for the Authority "Clean Up Bill" that it be approved as a place holder only at this time. Motion carried by the following vote: YES – Alvarez, Boland, Cox, Desmond, Gleason, Hubbs, Robinson, Sessom, Smisek; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT - 0).

PUBLIC HEARINGS:

OLD BUSINESS:

The Board recessed at 9:55 a.m. and reconvened at 10:07 a.m.

NEW BUSINESS:

15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AND NEGOTIATE A SITE LEASE AGREEMENT; AND SOLAR POWER PURCHASE AGREEMENT TO FINANCE, DESIGN, INSTALL, OPERATE, AND MAINTAIN THE SOLAR PHOTOVOLTAIC GENERATING SYSTEM WITH GRID SOLAR, LLC, AT SAN DIEGO INTERNATIONAL AIRPORT:

Bryan Enarson, Vice President Development, provided a presentation on the Solar Implementation Program, which included Project History, Proposed Solar Implementation and Plan, and the Solar Generating System Proposal.

Board Member Desmond expressed concerns regarding the grid fee, potential for cost escalation and the obsolescence of equipment. He suggested that the agreement include options to upgrade equipment.

In response to Board Member Sessom regarding actions by the California Public Utilities Commission related to attempts by SDG&E to impose charges for solar production, Chair Gleason requested that staff provide in its briefings to Board Members Alvarez and Sessom, an update on the Authority's power generation and reliability outlook.

Chair Gleason requested to have staff report back to the Board on the actual increase in costs in relation to this project over the next 20 years.

In response to Chair Gleason regarding concerns about visual aesthetics of the solar panels in the T2 West parking lot, Bryan Enarson, Vice President, Development, responded that there will be limited covered parking spaces, and that staff will keep visual aesthetics in mind during development.

RECOMMENDATION: Adopt Resolution No. 2013-0017, approving and authorizing the President/CEO to: (1) execute a site lease agreement with GRID Solar, LLC, for the development and installation of a Solar Photovoltaic (PV) Generating System for a maximum term of 20 years; and (2) negotiate and execute a solar power purchase agreement with GRID Solar, LLC, to finance, design, install, operate, and maintain the solar PV generating system for an amount not-to-exceed \$13,356,084.00 and a maximum term limit of 20 years, at San Diego International Airport.

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

The Board recessed at 10:41 a.m. and reconvened at 10:47 a.m.

16. CALENDAR FOR FISCAL YEAR 2014 AND FISCAL YEAR 2015 BUDGETS:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Calendar For Fiscal Year 2014 and Fiscal Year 2015 Budgets, which illustrated the budget Status and Timeline.

RECOMMENDATION: Receive the report.

ACTION: No action taken.

17. PROVIDE DIRECTION TO STAFF REGARDING A PROPOSED DEFINITION OF PENSIONABLE EARNINGS UNDER THE CALIFORNIA PUBLIC EMPLOYEES PENSION REFORM ACT OF 2013 (PEPRA):

Jeffrey Woodson, Vice President, Administration provided a summary of the two approaches by SDCERS to interpreting "Pensionable Compensation", comprising of 1) a narrow definition to include only a base salary with no added pay elements; and 2) a broad definition to include base salary and any additional pay elements currently allowed in the plan except those pay elements that are specifically excluded in the PEPRA legislation.

Elaine W. Reagan, General Counsel, SDCERS, provided a presentation on the California Public Employees' Pension Reform Act of 2013 (PEPRA), which included What is PEPRA, What Does It Do, Definition of Pensionable Compensation, Pensionable Compensation – New Members Only, and Next Steps.

Thella F. Bowens, President/CEO suggested that the Board consider a broader definition to allow flexibility for options to add elements in the future.

Board Member Alvarez moved to recommend a broad definition with flexibility for the Board to refine the definition at a later date. After extended conversation, he withdrew his motion.

Chair Gleason requested staff to bring back a specific list of all potentially pensionable pay items that are not excluded under PEPRA.

Board Member Boland suggested that staff bring the item back for discussion and direction by the Board at its March Meeting.

Board Member Cox requested to have staff bring the item back at the March Board meeting, and to include a full differential of options, and potential cost implications.

Chair Gleason requested that staff bring back a list of potential pensionable earnings for Board discussion at a future meeting.

RECOMMENDATION: Provide Staff with direction on a proposed definition of pensionable earnings to be advocated to SDCERS for use in implementing the California Public Employees' Pension Reform Act of 2013.

ACTION: No action taken.

CLOSED SESSION: The Board recessed into Closed Session at 11:20 a.m. to discuss Items 18, 19, 21, 23, 24, and 25.

- 18. CONFERENCE WITH LABOR NEGOTIATOR:**
Labor negotiations pursuant to Cal. Gov. Code §54957.6:
Authority Designated Negotiators: Thella F. Bowens, President/CEO; and Jeffrey Woodson, Vice President, Administration
Employee Organization: Teamsters 911

- 19. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real property negotiations pursuant to Cal. Gov. Code §54954.5(b) and §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

- 20. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Legal Authority: Real property negotiations pursuant to Cal. Gov. Code § 54954.5(b) and § 54956.8
Property: 4347 North Harbor Drive, San Diego, CA 92101
Authority Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer and Troy Ann Leech
Negotiating Party: City of San Diego
Under Negotiation: Terms and conditions of purchase
- 21. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Legal Authority: Real property negotiations pursuant to Cal. Gov. Code §54954.5(b) and §54956.8.
Property: 3312 Goldsmith Street, San Diego, CA 92106 (Assessor's parcel #450-142-13-00)
Agency Negotiators: Vernon Evans, Vice President, Finance/Treasurer and Troy Ann Leech, Director, Real Estate
Under Negotiation: Sale of property – terms and conditions
- 22. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
(Cal.Gov.Code §54956.9(a))
Ann Marie Tejcek v. San Diego County Regional Airport Authority, et al.
LASC No. 37-2011-00102856-CU-PO-CTL
- 23. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code § 54956.9(a))
Jacob Mojadam, individually and on behalf of all those similarly situated v. San Diego County Regional Airport Authority, et al
San Diego Superior Court Case No. 37-2012-00098040-CU-MC-CTL
- 24. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
(Cal. Gov. Code Section 54956.9(A))
Diego Concession Group, Inc. v. San Diego County Regional Airport Authority S.D.S.C Case No. 37-2012-00088083-CU-BT-CTL
- 25. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to subdivision (c) of §54956.9: (1 case)
- 26. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
Significant exposure to litigation pursuant to Cal. Gov. Code §54956.9(b) [Number of cases: 1] and §54956.9(b)(3)(C) [Liability claim against Authority by Theresa, Warren & Carl Hopkins]

- 27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
Significant exposure to litigation pursuant to Cal. Gov. Code §54956.9(b):
Kelly Lancaster, David Boenitz, Mary Erickson and Richard Gilb, et al v.
SDCERS, San Diego Sup. Court Case No. 37-2011-G0096238-CU-PO-
CT
Number of cases: 1
- 28. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
Significant exposure to litigation (Cal. Gov. Code §§ 54956.9 (b) and
54954.5)
Number of potential cases: 1
Re: Investigative Order No. R9-2012-0009 by the California Regional
Water Quality Control Board regarding submission of technical reports
pertaining to an investigation of bay sediments at the Downtown
Anchorage Area in San Diego

REPORT ON CLOSED SESSION: The Board reconvened into Open Session at
12:39 p.m. Chair Gleason reported that in regards to Items 18, 19, and 25, the
Board provided direction to staff and that there was no further reportable action.

NON-AGENDA PUBLIC COMMENT: None

GENERAL COUNSEL REPORT: None

**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: None

ADJOURNMENT: The meeting was adjourned at 12:40 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY BOARD THIS 7th DAY OF MARCH, 2013.

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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