

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, APRIL 12, 2012
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 9:03 A.M. on Thursday, April 12, 2012 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 Berman led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Berman (Ex Officio), Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek, Young

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

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

NON-AGENDA PUBLIC COMMENT: None

PRESENTATIONS:

- A. 2011 ANNUAL SAN PASSENGER SATISFACTION SURVEY RESULTS:** Murray Bauer, Director, Landside Operations, and Scott Ludwigsen, Executive Vice President, Travel Research Group, Phoenix Marketing International, provided a presentation on the 2011 Annual SAN Passenger Satisfaction Survey Results, which included the Methodology, Executive Summary, Determining Factor Importance, Passenger Priorities at SAN, Passenger Satisfaction in Various Areas, Dwell Times, Food and Beverage Services Ratings, Retail Services Ratings, SAN Baggage Survey, Baggage Delivery Satisfaction Rating, and Passenger Volumes.

Chair Gleason requested that score data by the time of day for the survey results be provided to review information during busy security times.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Board Member Smisek reported that a special Audit Committee meeting was held on March 26, 2012 to discuss Item 9, on the consent agenda.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None
- **FINANCE COMMITTEE:** None
- **TERMINAL DEVELOPMENT PROGRAM COMMITTEE:**
Board Member Boland reported that the Green Build is 50% complete, and stated that there will be 1300 short term parking spaces available by Fall 2012. He further stated that the Green Build projects have brought \$365 million into the local San Diego economy as a result of local participation.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Board Member Panknin reported that the Authority Advisory Committee will hold their first meeting with a number of new members on April 25, 2012.
- **ART ADVISORY COMMITTEE:**
Chair Gleason reported that the art for the Green Build is on track and in fabrication. He stated that there is one remaining Request for Proposal for the Multi-Media Center that will come before the Board in the coming months.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN FOR SAN DIEGO INTERNATIONAL AIRPORT:**
Board Member Robinson reported that ALUC staff met with CALTRANS on April 10, 2012 regarding Safety Zone 3 SouthEast. He further stated that staff would be meeting with the City of San Diego on April 13, 2012 and hold a steering committee meeting on May 1, 2012 to solicit input.
- **CALTRANS:** None

- **INTER-GOVERNMENTAL AFFAIRS:**
Board Member Cox reported that staff and Chair Gleason attended the Airports Legislative Conference in Washington D.C. on March 14-16, 2012. He stated that staff met with FAA officials as well as U.S. Customs and Border Protection officials to discuss airport related issues. He further stated that staff met with Senator Feinstein's staff and Senator Boxer's staff to secure a joint letter of support for nonstop air service between San Diego and Washington National Airport.
- **MILITARY AFFAIRS:**
Board Member Boland reported that he met with Rear Admiral Dixon Smith, the new Navy Regional Commander. He stated that Admiral Smith will be visiting the Authority in early May to meet with the President/CEO and receive a briefing on the process for land use planning.
- **PORT:**
Chair Gleason reported that he and Supervisor Cox met with the Chairman of the Port of San Diego to discuss a number of issues, which included the billings for the Harbor Police.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Board Member Smisek reported that an audit was conducted on TransNet and the results were favorable. He stated that the Bayshore Bikeway project continues to advance, and he further stated that SANDAG has a new bond issue being routed to jurisdictions.
- **WORLD TRADE CENTER:**
Board Member Panknin reported that the World Trade Center would be hosting America's Regional Meeting and holding a reception on April 18, 2012, and he encouraged Board Members to attend.

CHAIR'S REPORT:

Chair Gleason reported that he was in Washington D.C. for the Legislative Conference and that it was very productive. He stated that the Board held a retreat on March 9-10, 2012, which was successful and a report will be produced and forwarded to the Board. He further stated that the Airport Council International Commissioners Conference will be held in Pasadena.

PRESIDENT/CEO'S REPORT:

Thella F. Bowens, President/CEO, reported that spring break has officially ended, and air carriers are up 5%. She stated that because of construction, the curbs are congested but the air traffic officers are doing an excellent job managing the traffic. She reported that Alaska Air has sent a number of letters of support regarding air service. She also reported that US Airways nonstop service to Washington D.C. will begin in June. She further stated that British Airways is doing very well with its London flight and is reporting passenger loads of 88%. She also reported that a Request for Proposal is being issued to bring duty free service to SDIA. She noted that she attended an Environmental Summit in Geneva about which she will prepare a report for the Board.

NON-AGENDA PUBLIC COMMENT: None

The Board recessed at 9:51 a.m. and reconvened at 9:56 a.m.

CONSENT AGENDA (Items 1-12):

ACTION: Moved by Board Member Smisek and seconded by Board Member Boland to approve the Consent Agenda. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the March 1, 2012 regular meeting, and the March 9 and 10, 2012 special meetings.
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 FEBRUARY 6, 2012 THROUGH MARCH 11, 2012 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM FEBRUARY 6, 2012 THROUGH MARCH 11, 2012:**
RECOMMENDATION: Receive the report.
4. **APRIL 2012 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2012-0034, approving the April 2012 Legislative Report.

5. **APPOINTMENT OF AN AUTHORITY ADVISORY COMMITTEE MEMBER:**
RECOMMENDATION: Adopt Resolution No. 2012-0035, approving an appointment to the Authority Advisory Committee.

CLAIMS

6. **AUTHORIZE THE REJECTION OF THE CLAIM OF JOY DONATHAN:**
RECOMMENDATION: Adopt Resolution No. 2012-0036, authorizing the rejection of the claim of Joy Donathan.
7. **AUTHORIZE THE REJECTION OF THE CLAIM OF MICHAEL BABINEAU:**
RECOMMENDATION: Adopt Resolution No. 2012-0037, authorizing the rejection of the claim of Michael Babineau.
8. **AUTHORIZE THE REJECTION OF THE CLAIM OF DOLORES PERRY:**
RECOMMENDATION: Adopt Resolution No. 2012-0038, authorizing the rejection of the claim of Dolores Perry.

COMMITTEE RECOMMENDATIONS

9. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE AGREEMENT WITH MCGLADREY AND PULLEN LLP FOR PROFESSIONAL FINANCIAL AUDIT SERVICES:**
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2012-0039, approving and authorizing the President/CEO to take all necessary steps to execute a First Amendment to the agreement with McGladrey & Pullen LLP for professional financial audit services, increasing the compensation by \$400,000 for a total not to exceed compensation amount of \$850,000, and exercising both one-year options to extend the term of the Agreement.
10. **AUTHORIZE CONTRACT WITH ARTIST ERIK CARLSON TO DESIGN INTEGRATED ARTWORK FOR TERMINAL DEVELOPMENT PROGRAM:**
RECOMMENDATION: The Art Advisory Committee recommends that the Board adopt Resolution No. 2012-0045, awarding Erik Carlson the commission for the Restroom Entry Walls Public Art Opportunity in an amount not to exceed \$220,000.

CONTRACTS AND AGREEMENTS

11. **AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AGREEMENTS SUPPORTING THE AUTHORITY'S BONDING AND CONTRACT FINANCING ASSISTANCE PROGRAM:**
RECOMMENDATION: Adopt Resolution No. 2012-0040, authorizing the President/CEO to execute agreements supporting the Authority's Bonding and Contract Financing Assistance Program.

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

- 12. AWARD A CONTRACT TO BUILT PACIFIC, INC. FOR QUIETER HOME PROGRAM PHASE 6, GROUP 3 (48 UNITS LOCATED ON 3 HISTORIC PROPERTIES AND 36 UNITS LOCATED ON 2 NON-HISTORIC PROPERTIES, FOR A TOTAL OF 84 EAST SIDE APARTMENT UNITS):**
RECOMMENDATION: Adopt Resolution No. 2012-0041, awarding a contract to Built Pacific, Inc. in the amount of \$1,434,158.40 for Phase 6, Group 3, Project No. 380603 of the San Diego County Regional Airport Authority's Quieter Home Program.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

Board Member Young arrived to the dais at 10:09 a.m.

- 13. RESCIND RESOLUTION NO. 2011-0113 AWARDING A CONCESSION LEASE TO HIGH FLYING FOODS SAN DIEGO PARTNERSHIP (A JOINT VENTURE) FOR DEVELOPMENT AND OPERATION OF FOOD SERVICE PACKAGE #6R AND AWARD A CONCESSION LEASE TO SSP AMERICA, INC. FOR DEVELOPMENT AND OPERATION FOR FOOD SERVICE PACKAGE #6R:**

Nyle Marmion, Manager, Concession Development, and Pat Gleason, Aviation & Commercial Business, provided a presentation on Awarding a Concession Lease to SSP America, Inc., which included the Timeline, Food Service Package 6R, Supplemental RFP Requirements, Food Service Package 6R Proposers, Proposed Concepts by Proposer, Financial Offer, Evaluation Criteria, Evaluation Panel Rankings, and Food Service Package 6R Summary.

In response to Chair Gleason regarding the penalty to High Flying Foods (HFF) for pulling out of the lease, Mr. Marmion stated that the company forfeited their \$50,000 proposal deposit. He noted that HFF were awarded two other packages, and he is in receipt of bank letters in support of their capital investment, as well as personal guarantees from their financial partners for assurance on the company's ability to manage those packages.

JAIMINI ERSKINE, LEESBURG, VA, SSP America, spoke in support of staff's recommendation.

Chair Gleason expressed concern with the difference in the Minimum Annual Guarantee (MAG) and bids that might be unsustainable.

RECOMMENDATION: Adopt Resolution No. 2012-0042, rescinding Resolution No. 2011-0113 awarding a concession lease to High Flying Foods San Diego Partnership (A Joint Venture) for development and operation of Food Service Package #6R, and award a Concession Lease to SSP America, Inc. for development and operation for Food Service Package #6R for a maximum term of twelve (12) years and two (2) months which includes a period not to exceed twenty-six (26) months to allow for package construction completion, with a first year Minimum Annual Guarantee (MAG) of \$603,530; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

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

14. UPDATE AND BOARD DISCUSSION ON EXISTING PREFERENCE PROGRAMS AND AMEND POLICIES 5.12 AND 5.14, TO CHANGE THE DEFINITION OF A SMALL BUSINESS:

Bob Silvas, Director, Small Business Development, and Jana Vargas, Director, Procurement, provided a presentation on Existing Preference Programs, which included Program Overview, Results, Program Modifications, Amend Disadvantaged Business Enterprise Plan, Redefine Small Business, Process, and Recommended Board Action.

Board Member Panknin expressed disappointment that incentives are not given to entice out-of-state companies to partner with local companies. He noted that other California agencies give preference points for having small business subcontractors. He suggested that staff review the State's Request for Proposals. He further noted that there was an executive order stating that on federal contracts, the government encouraged a 3% preference for veteran participation.

In response to Chair Gleason regarding which of the three preferences are allowed for federal contracts, Breton Lobner, General Counsel, stated that local preferences are prohibited for federally-funded projects by Title 49 of the Code of Federal Regulations, Part 18. In regards to veterans preference, Mr. Lobner stated that he would research the issue and provide an update to the Board by memo.

Chair Gleason requested that future reports include data on the local workforce and the Lesbian, Gay, Bisexual and Transgender (LGBT) dimension.

In response to Chair Gleason regarding adding the LGBT dimension to the Historically Underutilized Businesses (HUB), Mr. Silvas stated that under Authority Policies 5.12 and 5.14, the current definition of a small business includes that the company is certified by a public agency within the State of California as a small business. He stated that staff is recommending that be changed to an agency that has an agreement with the Authority that they have done their due diligence to make sure that companies are small businesses. He stated that the LGBT Chamber of Commerce has a certification but is not a small business, but the Greater San Diego Business Association has agreed to do a small business certification that could be used.

Mr. Lobner stated that in preference programs, issues of equal protection and legal applications come into play. He stated that discrimination is a big factor with regard to suspect classifications, which are race, creed, color, national origin, etc. He stated that the policies that relate to preference were very carefully crafted to protect the Authority.

Board Member Young expressed concern that there are no goals that include the actual employees on each contract. He requested staff to look into models that address this factor.

Chair Gleason noted that Ms. Bowens circulated a memo in January 2012 that addressed gender and ethnicity data. He requested that the memo be redistributed.

RECOMMENDATION: Adopt Resolution No. 2012-0043, amending Policy 5.12, Preference to Small Businesses and Policy 5.14, Small Business, Local Business and Service Disabled Veteran Owned Small Business Goal and Preference Program, to Change the Definition and Criteria of Small Business and to Improve the Verification Process.

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

The Board recessed at 11:24 a.m. and reconvened at 11:32 a.m.

15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH FRASCA & ASSOCIATES, LLC FOR FINANCIAL ADVISORY SERVICES:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Financial Advisory Services Agreement, which included the Background, Evaluation Panel, Short List Process, Evaluation Panel Conclusion, and Recommendation.

RECOMMENDATION: Adopt Resolution No. 2012-0044, approving and authorizing the President/CEO to execute an agreement for financial advisory services with Frasca & Associates, LLC for a term of three (3) years with two (2) additional one year options to extend the term with a maximum amount payable not-to-exceed \$1,500,000.00.

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

16. DISCUSSION REGARDING THE FISCAL YEAR 2013-2017 CAPITAL IMPROVEMENT PROGRAM BUDGET:

David Boenitz, Director, Business Development, and Iraj Ghaemi, Director, Facilities Development, provided a presentation on the Fiscal Year 2013-2017 Capital Improvement Program Budget, which included the Capital Improvement Project Recommendation Process, Proposed FY2013-2017 Capital Projects, Requested FY2013-2017 Capital Projects, Current CIP Program – Project Status, and Capital Budget Summary.

Regarding the budget analysis and when the Authority will be going to the bond market, Thella F. Bowens, President/CEO, stated that the budget analysis to be presented to the Board will probably not include the arbitrage because it is ongoing. She stated that staff will keep the Board informed about how often we need to go to the market.

RECOMMENDATION: Provide direction to staff.

ACTION: No action taken.

The Board recessed at 11:59 a.m. and reconvened at 12:04 p.m.

BOARD COMMENT:

Board Member Young reported that the Executive Committee of the Metropolitan Transit System (MTS) voted in favor of allowing taxicabs owners to transfer the trip fee to the meter. He stated that the item will go before the full MTS Board on April 19, 2012.

Board Member Desmond requested a future presentation on the ramp control tower being built at Terminal 2, to include the estimated cost, hours of operation, personnel expense, what ramps are to be controlled, and how the Authority is reducing its liability exposure for accidents or injuries on the ramp.

Board Member Hubbs noted that he has been attending council meetings in the North County Coastal Cities to provide an update on the activities of the Authority. He stated that there is support for upgrading Terminal 1, and a lot of interest in the transit center on the north side.

CLOSED SESSION: *The Board recessed into Closed Session at 12:08 p.m. to discuss Items 18, 21, 22 and 23.*

- 17. 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
- 18. 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
- 19. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code §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)
- 20. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code §54956.9(a)):
City of San Diego, Historical Resources Board: In re: Western Salt Company Salt Works, Report No. HRB-08-005
- 21. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code §54956.9(a)):
West Tech, Inc. v. San Diego County Regional Airport Authority, et al., L.A.S.C 37-2010-00106565-CU-BC-CTL
- 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 – ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to subdivision (c) of §54956.9: (1 case)
- 24. **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]
- 25. **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
- 26. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to subdivision (c) of Section 54956.9: (1 case)

REPORT ON CLOSED SESSION: The Board reconvened in open session at 1:14 p.m. There was no reportable action.


NON-AGENDA PUBLIC COMMENT: 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:

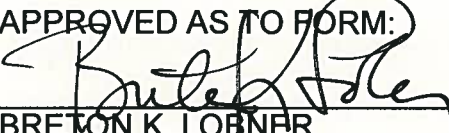
GENERAL COUNSEL REPORT: None

ADJOURNMENT: The meeting was adjourned at 1:14 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 3rd DAY OF MAY, 2012.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:


BRETON K. LOBNER
GENERAL COUNSEL