

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, DECEMBER 13, 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 10:06 a.m. on Thursday, December 13, 2012, 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: Berman (Ex Officio), Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek, Young

ABSENT: Board Members: Reyes (Ex Officio)

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 Young arrived during the course of the meeting.

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

PRESENTATIONS:

A. MICROSOFT LEADERSHIP AWARD:

Stuart McKee, Microsoft U.S. Public Sector National Technology Officer, presented a Microsoft Leadership Award to the Airport Authority for being the first international airport to have implemented the Microsoft Office 365 Cloud Service.

B. PROGRAM MANAGEMENT SUPPORT UPDATE:

Iraj Ghaemi, Director, Facilities Development, provided an update on Program Management which included Authority Program Management History; Concept of Program Management; Forecasted Program Budgets FY2013-2017; Projected Program Management Requirements; and Program Management Staffing.

Board Member Young arrived at the meeting at 10:21 a.m.

C. AIRPORT POWER STUDY UPDATE:

Wayne Harvey, Director, Facilities Management, provided an update on the Airport Power Study which included an overview of how power is provided to San Diego International Airport; Usage and Cost Projections; Power Study Scope; Energy Outlook; Power Study Findings; Hybrid Energy Strategy; Backup Power; Risk Exposure; and a Financial Summary.

Board Member Boland recommended that staff provide a follow up update to the Capital Improvement Program Oversight Committee and Board in late Spring, regarding sewage and water costs. He suggested the information be provided prior to the review of the 2013 budget. He also suggested that, with Board concurrence, staff provide an update report to the Capital Improvement Program Oversight Committee on the Airport Power Study, and that the Committee could work with staff and report to the Board regarding assessment on the need for any formal action on power source self-generation.

Chair Gleason also requested that any statutory issues associated with this item be vetted through Board Member Cox and staff prior to being presented to the Board for further consideration.

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 met on November 19, 2012 and forwarded several items to the Board for action and information.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Desmond reported that the Committee met prior to today's Board meeting, and voted to recommend that LTC Performance Strategies be contracted as a consultant to assist with the development of the President/CEO's successor contract. He also reported that the Committee was in recess from Closed Session and would reconvene following the Board Meeting to continue their Closed Session discussions.
- **FINANCE COMMITTEE:** None.

- **TERMINAL DEVELOPMENT PROGRAM COMMITTEE:**
Board Member Boland reported that, if approved at today's meeting, the Terminal Development Program Committee will begin operation under the new title of Capital Improvement Program Oversight Committee in January. He provided an update on the Green Build activities. He reported that the project is on schedule and on budget.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Board Member Panknin reported that a tour of the Green Build will be scheduled soon for Authority Advisory Committee members.
- **ART ADVISORY COMMITTEE:**
Chair Gleason reported that a revised draft Art Policy is being proposed by the Committee for Board consideration at a future meeting. He reported that on November 7, staff held an Open House event for the Art Program. He also provided an update on various art projects.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN FOR SAN DIEGO INTERNATIONAL AIRPORT:**
Board Member Robinson reported that staff continues to work with internal counsel to resolve the two outstanding policy issues with the SDIA Airport Land Use Plan.
- **CALTRANS:** None
- **INTER-GOVERNMENTAL AFFAIRS:**
Board Member Cox reported that Authority staff met with Congresswoman Susan Davis' office, and that Chair Gleason and Thella F. Bowens provided Assembly member Toni Atkins an update on airport issues. He also reported that staff met with Marine Corps Recruit Depot's Colonel Brent Spehn to brief him and his staff on the Airport Development Plan. He stated that a briefing and Green Build tour for San Diego State and Federal legislators was being held tomorrow, Friday, December 14. He extended an invitation to the Board to attend the county of San Diego Swearing In ceremony scheduled to take place at noon on January 7 at the County Operations Center.
- **MILITARY AFFAIRS:** None
- **PORT:** Chair Gleason reported that there are now two vacant positions on the Port Commission, and it is anticipated that they will be filled soon.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Board Member Smisek reported that he attended the last meeting held on November 14, and that of interest an update was provided on the High-Speed Train. He stated that public hearings and technical meetings will be held in 2013 to discuss the six areas of alignment being considered for the San Diego area. He also reported that there was important discussion regarding the amendment to the SANDAG Board for the Plan of Finance for TransNet. He reported that both the I-805 and I-52 projects came in lower than expected; therefore funds were recouped and will be used towards future jobs.
- **WORLD TRADE CENTER:**
Board Member Panknin reported that the executive search had been completed, and stated that Steven Weathers had been selected as the new President/CEO of the World Trade Center San Diego. He also reported that on December 14 the annual membership meeting would be held, and he encouraged Board Members to attend.

CHAIR'S REPORT:

Chair Gleason requested that as the Board looks at the 2013 Master Calendar of Board and Committee meetings, they should consider that new Committee assignments will be made in February, and he encouraged Board members to let him know if anyone was interested in serving on other Committees. He also reminded the Board that a list of 2013 Conferences has been distributed to them, and he encouraged feedback regarding upcoming conferences they would like to attend. He expressed appreciation for everyone's involvement and support of the new Japan Airlines service, and provided a report of his travel to Tokyo and the work done there on behalf of the Authority.

PRESIDENT/CEO'S REPORT:

Thella Bowens, President/CEO, reported that in the last six weeks there have been many "first" activities for SDIA, among them the ribbon cutting event for the opening of SDIA's Receiving and Distribution Center, the transition of the concessions from a single source to joint venture providers, the opening of the new duty free store, and the launching of the new JAL Airlines service. She expressed appreciation to all staff that supported and participated in these milestones, and stated that there was extensive media coverage and participation in the events by various local, state, and international government representatives. She reported that the current employee airport parking along Harbor Island is being relocated to the old Teledyne Ryan site.

NON-AGENDA PUBLIC COMMENT: None

CONSENT AGENDA:

Chair Gleason requested that Item 6 be removed from the Consent Agenda for discussion.

Board Member Boland requested that Items 4 and 12 be removed from the Consent Agenda for discussion.

ACTION: Moved by Board Member Smisek and seconded by Board Member Robinson to approve the Consent Agenda as amended. 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).

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the November 1, 2012 regular 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 OCTOBER 8, 2012 THROUGH NOVEMBER 8, 2012 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM OCTOBER 8, 2012 THROUGH NOVEMBER 8, 2012:

RECOMMENDATION: Receive the report.

4. GRANT EASEMENTS FOR ELECTRICAL AND DRAINAGE UTILITIES AND PEDESTRIAN ACCESS TO THE CITY OF SAN DIEGO:

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

CLAIMS

5. AUTHORIZE THE REJECTION OF THE CLAIM OF BARBARA GRAHAM:

RECOMMENDATION: Adopt Resolution No. 2012-0126, authorizing the rejection of the claim of Barbara Graham.

COMMITTEE RECOMMENDATIONS

- 6. ACCEPT THE PROPOSED 2013 MASTER CALENDAR OF BOARD AND COMMITTEE MEETINGS:**
ACTION: This item was removed from the Consent Agenda for discussion.
- 7. EXTERNAL AUDITOR'S FISCAL YEAR ENDED JUNE 30, 2012, REPORTS: A) AUDITED FINANCIAL STATEMENTS, B) COMPLIANCE (SINGLE AUDIT) REPORT, C) PASSENGER FACILITY CHARGE COMPLIANCE REPORT, D) CUSTOMER FACILITY CHARGE COMPLIANCE REPORT, AND E) REPORT TO THE AUDIT COMMITTEE:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the reports.
- 8. THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2012:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the information.
- 9. QUARTERLY AUDIT ACTIVITIES REPORT – FISCAL YEAR 2013 FIRST 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.
- 10. REVISION TO THE FISCAL YEAR 2013 AUDIT PLAN:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the information.
- 11. AMEND AUTHORITY POLICY 1.50 (5)(C)(V), EXPANDING THE SCOPE AND CHANGING THE NAME OF THE BOARD'S TERMINAL DEVELOPMENT COMMITTEE TO THE CAPITAL IMPROVEMENT PROGRAM (CIP) OVERSIGHT COMMITTEE:**
RECOMMENDATION: The Terminal Development Program Committee recommends that the Board Adopt Resolution No. 2012-0133, amending Authority Policy 1.50 (5)(c)(v) expanding the scope and changing the name of the Board's Terminal Development Program Committee, to the Capital Improvement Program Oversight Committee.

CONTRACTS AND AGREEMENTS

- 12. GRANT A 10-YEAR LEASE, WITH ONE OPTION TO LESSEE TO EXTEND TERM FOR AN ADDITIONAL 10 YEARS, TO USO COUNCIL OF SAN DIEGO TO FURNISH AND OPERATE A USO FACILITY AT SAN DIEGO INTERNATIONAL AIRPORT:
ACTION: This item was removed from the Consent Agenda for discussion.**

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

- 13. AWARD A CONTRACT TO PCL CONSTRUCTION SERVICES, INC., TO REFURBISH CONCESSIONS SUPPORT INFRASTRUCTURE, PHASE B, COMMUTER TERMINAL, TERMINAL 1, AND TERMINAL 2 WEST AT SAN DIEGO INTERNATIONAL AIRPORT:
RECOMMENDATION: Adopt Resolution No. 2012-0131, awarding a contract to PCL Construction Services, Inc., in the amount of \$7,925,819, for Project No. 104122, Refurbish Concessions Support Infrastructure, Phase B, Commuter Terminal, Terminal 1, and Terminal 2 West at San Diego International Airport.**
- 14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH SERCO MANAGEMENT SERVICES INC. TO PROVIDE RAMP CONTROL FACILITY SERVICES AT SAN DIEGO INTERNATIONAL AIRPORT:
RECOMMENDATION: Adopt Resolution No. 2012-0132, approving and authorizing the President/CEO to execute an agreement with Serco Management Services Inc., to provide Ramp Control Facility services for three (3) years, with two (2) one-year options exercisable at the sole discretion of the President/CEO, in an amount not to exceed \$3,925,000.**
- 15. NUMBER NOT USED**

ITEM PULLED FROM THE CONSENT AGENDA:

4. GRANT EASEMENTS FOR ELECTRICAL AND DRAINAGE UTILITIES AND PEDESTRIAN ACCESS TO THE CITY OF SAN DIEGO:

Board Member Boland expressed appreciation to staff for their efforts to get this project completed.

RECOMMENDATION: Adopt Resolution No. 2012-0125, authorizing the President/CEO to execute three easements with the City of San Diego for electrical and drainage utilities and pedestrian access in support of the Washington Street Access Improvements Project.

ACTION: Moved by Board Member Boland 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).

Board Member Young left the dais at 11:17 a.m.

6. ACCEPT THE PROPOSED 2013 MASTER CALENDAR OF BOARD AND COMMITTEE MEETINGS:

Chair Gleason requested that the proposed February Board meeting date be changed to February 14, 2012.

RECOMMENDATION: The Executive Committee recommends that the Board accept the calendar.

ACTION: Moved by Chair Gleason and seconded by Board Member Desmond to approve staff's recommendation, changing the February Board meeting date to February 14. 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).

Board Member Young returned to the dais at 11:18 a.m.

12. GRANT A 10-YEAR LEASE, WITH ONE OPTION TO LESSEE TO EXTEND TERM FOR AN ADDITIONAL 10 YEARS, TO USO COUNCIL OF SAN DIEGO TO FURNISH AND OPERATE A USO FACILITY AT SAN DIEGO INTERNATIONAL AIRPORT:

Board Member Boland commended the USO staff for their work and acknowledged the presence at today's meeting of John Duly, President/CEO, USO and Charlotte Jacob, Chair, USO.

RECOMMENDATION: Adopt Resolution No. 2012-0130, authorizing the President/CEO to take all necessary steps to grant a 10-year lease, with one option to lessee to extend the term for an additional 10 years, to USO Council of San Diego to furnish and operate a USO facility at San Diego International Airport.

ACTION: Moved by Board Member Boland and seconded by Board Member Smisek 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 11:19 a.m. and reconvened at 11:22 a.m.

The Board recessed at 11:22 a.m. and reconvened at 11:30 a.m.

Chair Gleason reported that Board Member Young would be leaving the Authority Board as of December 31, 2012. He presented him with a gift and thanked him on behalf of the Authority for his dedication and participation as a Board Member.

PUBLIC HEARINGS: None

OLD BUSINESS: None

NEW BUSINESS:

16. AUTHORIZATION OF 1) BOND DOCUMENTS AND SALE OF GENERAL AIRPORT REVENUE BONDS, INCLUDING DELEGATION OF PRICING AUTHORITY, FOR GREEN BUILD AND CAPITAL IMPROVEMENT PROGRAM FUNDING; AND 2) DEFEASANCE OF 2005 GENERAL AIRPORT REVENUE BONDS:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Authorization of Bond Documents and Sale of General Airport Revenue Bonds, which included Current Debt Profile, Plan of Finance, Defeasance of the Series 2005 General Airport Revenue Bonds (GARBs), Projected Debt Profile, Principle Documents of the GARB Sale, and the Preliminary Time Table.

Board Member Young left the dais at 11:40 a.m.

RECOMMENDATION:

Adopt Resolution No. 2012-0127, (1) authorizing the issuance and sale of not-to-exceed \$500 million in aggregate principal amount of one or more series of San Diego County Regional Airport Authority Senior Airport Revenue Bonds; and (2) Approving the forms of a Third Supplemental Trust Indenture, Preliminary and Final Official Statements, a Purchase Contract and a Continuing Disclosure Certificate, and certain related matters.

Adopt Resolution No. 2012-0128, (1) authorizing the refunding and defeasance of its San Diego County Regional Airport Authority Airport Revenue Refunding Bonds Series 2005, (2) approving a form of escrow agreement, and (3) authorizing and directing certain action with respect thereto.

ACTION: Moved by Board Member Robinson and seconded by Board Member Panknin to approve staff's recommendation. 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).

17. DECEMBER 2012 LEGISLATIVE REPORT AND 2013 LEGISLATIVE AGENDA:

Michael Kulis, Director, Inter-Governmental and Community Relations, Richard S. Costigan, III, Senior Director of State and Government Affairs - Manatt, Phelps and Phillips, State Legislative Consultant, Sam Whitehorn, Executive Vice President, McBee Strategic, Federal Legislative Consultant, and Rob Chamberlain-Executive Vice President, McBee Strategic, Federal Legislative Consultant provided a presentation on the December 2012 Legislative Report and 2013 Legislative Agenda which included 2012 Legislative Review, 2012 Election Results, San Diego Legislators, Supermajority Impact, Major Policy Issues, State Budget, an overview of Major Committees and Major 2012-13 Issues.

RECOMMENDATION: Adopt Resolution No. 2012-0129, approving the December 2012 Legislative Report and the 2013 Legislative Agenda.

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

Board Member Young returned to the dais at 11:47 a.m.

The Board recessed at 12:08 p.m. and reconvened at 12:23 p.m.

CLOSED SESSION: The Board did not recess into Closed Session.

- 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 – ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to subdivision (c) of §54956.9: (1 case)
- 25. 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]
- 26. 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
- 27. 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 Bay

REPORT ON CLOSED SESSION: None

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.

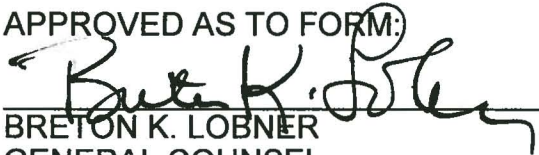
ADJOURNMENT: The Board adjourned at 12:23 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY BOARD THIS 10th DAY OF JANUARY, 2013.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL