

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
FRIDAY, MAY 8, 2009
BOARD ROOM**

CALL TO ORDER:

Vice Chairperson Watkins called the special meeting of the San Diego County Regional Airport Authority Board to order at 9:00 a.m., Friday, May 8, 2009, 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 Zettel led the pledge of allegiance.

ROLL CALL:

PRESENT: Board Members: Boland, Finnila, Panknin, Smisek, Watkins, Zettel

ABSENT: Board Members: Desmond, Orso-Delgado (Ex-Officio), Sheehy (Ex- Officio), Young

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

REPORT FROM CITIZEN COMMITTEE:

AIRPORT ADVISORY COMMITTEE:

John Hawkins, First Vice-Chair, Airport Advisory Committee, provided an overview of the recent Airport Advisory Committee Meeting on April 16, 2009, which included the election of the new Chair and officers, update on Advisory Sub-Committees, the 2008 Annual San Diego International Airport Satisfaction Survey, and the 2009 Marketing plan update.

PRESENTATION:

A. 2009 EMPLOYEE OPINION SURVEY BRIEFING:

Diann Wilson, Director, Training & Organizational Development, provided a presentation on the 2009 Employee Opinion Survey, which included the Survey Objectives, Survey Design, Dimensions Measured, Survey Administration/Response, Results Overview, Executive Overview Improvements, and Summary Observations.

B. REPORT ON THE AUTHORITY'S FINANCIAL CONDITION:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Authority's Financial Condition, which included Current Financial Conditions, Enplanements, Airport Parking Transactions, Car Rental License Fees, Quarterly Operating Revenue, Operating Revenues of the Nine Months Ended March 31, 2009, Quarterly Operating Expenses, Authority's Investments, Total Portfolio Summary, Investment Strategy, Reserve Primary Fund, Authority's Debt, Summary of Outstanding Commercial Paper, and Financing Strategy.

PUBLIC COMMENT (18 MINUTES):

DOUG EATROS, SAN DIEGO, representing Federal Express, stated that air cargo is a viable economic factor, and urged the Board to address the needs of their cargo tenants in future planning.

CONSENT AGENDA:

Tony R. Russell, Director, Corporate Services/Authority Clerk, announced that Item 14 was pulled from the Consent Agenda for discussion.

Board Member Zettel requested that Items 11 and 12 be pulled from the Consent Agenda for discussion.

ACTION: Moved by Board Member Zettel and seconded by Board Member Boland to approve the Consent Agenda as AMENDED. Motion carried by the following vote: YES – Boland, Finnila, Panknin, Smisek, Watkins, Zettel; NO – None; ABSENT – Desmond, Young. (Weighted Vote Points: YES – 61; NO – 0; ABSENT – 25)

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 27, 2009 Special Board meeting, the February 28, 2009 Special Board meeting, the March 23, 2009 Special Board Meeting, and the April 2, 2009 regular meeting.

2. ACCEPTANCE OF BOARD 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 attendance at other meetings not covered by the current resolution.

3. **APPOINTMENTS TO THE AIRPORT ADVISORY COMMITTEE:**
RECOMMENDATION: Adopt Resolution No. 2009-0059, appointing Joe Terzi, Barry Bardack, Bob Scurlock, William Clevenger, and Amy Weaver as members of the Airport Advisory Committee.
4. **DISPOSITION OF SURPLUS PROPERTY:**
RECOMMENDATION: Adopt Resolution No. 2009-0060, authorizing the Procurement Department to sell surplus and obsolete equipment and materials (property) to the highest bidders, and to dispose of unwanted items as scrap.
5. **APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:**
RECOMMENDATION: Adopt Resolution No. 2009-0061, appointing Jack Van Sambeek as a public member to the Audit Committee.

CLAIMS

COMMITTEE RECOMMENDATIONS

6. **SELECTION OF THE EXTERNAL AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2009-0071, approving the Committee's recommendation to award a contract between the Authority and McGladrey & Pullen, LLP, to perform the external audits of the Authority's financial statements for an initial term of three Fiscal Years 2009, 2010, 2011, with a contract award not to exceed \$450,000, and with an option for two (2) one-year extensions, which may be exercised, subject to Board approval, at the sole discretion of the Authority's President/CEO.
7. **REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2009:**
RECOMMENDATION: The Finance Committee recommends that the Board receive the information.
8. **REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF MARCH 31, 2009:**
RECOMMENDATION: The Finance Committee recommends that the Board accept the report.

CONTRACTS AND AGREEMENTS AND AMENDMENTS TO CONTRACTS AND AGREEMENTS

9. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM MARCH 2, 2009 THROUGH APRIL 5, 2009 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MARCH 2, 2009 THROUGH APRIL 5, 2009:**
RECOMMENDATION: Receive the report.

10. **AUTHORIZE THE PRESIDENT/CEO TO ISSUE SECOND AMENDMENT TO AGREEMENT WITH JACOBS ENGINEERING GROUP, INC.:**
RECOMMENDATION: Adopt Resolution No. 2009-0064, authorizing the President/CEO to issue a Second Amendment to the agreement with Jacobs Engineering Group, Inc., extending the term of the agreement by 213 days to provide professional engineering services for Project No. 103044 Naval Training Center Landfill Remediation, at San Diego International Airport.

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

11. **AUTHORIZE THE PRESIDENT/CEO TO AWARD A CONTRACT TO FLATIRON WEST, INC., TO REHABILITATE TAXIWAY "C" AT SAN DIEGO INTERNATIONAL AIRPORT:**
ACTION: This item was pulled from the Consent Agenda for discussion.
12. **AWARD A CONTRACT TO ENSLEY ELECTRIC, INC. TO REPLACE AIRFIELD INFORMATION SIGNS, INSTALL RUNWAY GUARD LIGHTS AND REPLACE/UPGRADE TAXIWAY LIGHTS AT SAN DIEGO INTERNATIONAL AIRPORT:**
ACTION: This item was pulled from the Consent Agenda for discussion.
13. **AUTHORIZE THE PRESIDENT/CEO TO EXECUTE MEMORANDUM OF UNDERSTANDING AND AWARD A CONTRACT TO CHARLES KING COMPANY TO CONSTRUCT 96 INCH SEWER PIPE LINER AT SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2009-0067, authorizing the President/CEO: (1) to execute a Memorandum of Understanding between the San Diego County Regional Airport Authority and the City of San Diego regarding the roles and responsibilities of the City and the Authority with respect to the 96 inch sewer pipe and carbon fiber liner; and (2) after execution of the MOU between the City and Authority, the President/CEO to award a Contract to Charles King Company in the amount of \$3,793,894.00 for Project No. 103044, 96 Inch Sewer Pipe Liner at San Diego International Airport.
14. **AUTHORIZE THE PRESIDENT / CEO TO AWARD TWO ON-CALL TERMINAL AND BUILDING ARCHITECT AND ENGINEERING CONSULTANT SERVICE AGREEMENTS:**
ACTION: This item was pulled from the Consent Agenda for discussion.

ITEMS PULLED FROM THE CONSENT AGENDA FOR DISCUSSION:

11. AUTHORIZE THE PRESIDENT/CEO TO AWARD A CONTRACT TO FLATIRON WEST, INC., TO REHABILITATE TAXIWAY "C" AT SAN DIEGO INTERNATIONAL AIRPORT:

In response to Board Member Zettel regarding if the firm is located in San Diego, Iraj Ghaemi, Director, Facilities Development, stated that the company is nationwide but has a strong local presence.

RECOMMENDATION: Adopt Resolution No. 2009-0065, authorizing the President/CEO to award a Contract to Flatiron West, Inc., in the amount of \$22,487,624.90, for Project No. 104026, Rehabilitate Taxiway "C" at San Diego International Airport.

ACTION: Moved by Board Member Zettel and seconded by Board Member Boland to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Finnilla, Panknin, Smisek, Watkins, Zettel; NO – None; ABSENT – Desmond, Young. (Weighted Vote Points: YES – 61; NO – 0; ABSENT - 25)

12. AWARD A CONTRACT TO ENSLEY ELECTRIC, INC. TO REPLACE AIRFIELD INFORMATION SIGNS, INSTALL RUNWAY GUARD LIGHTS AND REPLACE/UPGRADE TAXIWAY LIGHTS AT SAN DIEGO INTERNATIONAL AIRPORT:

In response to Board Member Zettel regarding the bid protest on this project, Iraj Ghaemi, Director, Facilities Development, stated that the protest has been resolved.

Breton Lobner, General Counsel, reported that today is the fifth day on the bid protest and stated that if there is no further action by St. Francis Electric, the protest goes away because it has been rejected by the Procurement Department. He recommended that the award of the contract be subject to the expiration of the five day protest period. He stated that if there is further action, the matter should go through the protest procedure. He stated that the deadline for further protest of the project is 5:00 P.M. today (May 8, 2009).

RECOMMENDATION: Adopt Resolution No. 2009-0066, awarding a contract to Ensley Electric, Inc., in the amount of \$3,420,000.00, for Project Nos. 104059/104061, Replace Airfield Information Signs, Install Runway Guard Lights, and Replace/Upgrade Taxiway Lights at San Diego International Airport.

ACTION: Moved by Board Member Zettel and seconded by Board Member Boland to approve staff's recommendation if there are no further protests by 5:00 P.M., May 8, 2009. Motion carried by the following vote: YES – Boland, Finnila, Panknin, Smisek, Watkins, Zettel; NO – None; ABSENT – Desmond, Young. (Weighted Vote Points: YES – 61; NO – 0; ABSENT - 25)

14. AUTHORIZE THE PRESIDENT / CEO TO AWARD TWO ON-CALL TERMINAL AND BUILDING ARCHITECT AND ENGINEERING CONSULTANT SERVICE AGREEMENTS:

Vice Chairperson Watkins stated that as a corporate citizen, the Authority has a responsibility to look at the things it does in the region. He questioned what percentage of the business is staying in San Diego and what percentage is leaving San Diego.

Bryan Enarson, Vice President, Development, provided an overview of all of the capital projects for the Authority, which included information on current contracts and that 80% of the Authority's current and projected work for Fiscal Year 2009 will be performed by local firms and contractors. He stated that the Authority is projected to spend approximately \$65,000,000 on capital projects this year.

RECOMMENDATION: Adopt Resolution No. 2009-0068, authorizing the President/CEO to award two On-Call Terminal and Building Architect and Engineering Consultant Service Agreements, one with William Nicholas Bodouva + Associates, and one with HOK, Inc., each for a three-year term, and a not-to-exceed value of \$5,000,000.00, in support of the Capital Improvement and Major Maintenance Programs at San Diego International Airport.

ACTION: Moved by Board Member Finnila and seconded by Board Member Smisek to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Finnila, Panknin, Smisek, Watkins, Zettel; NO – None; ABSENT – Desmond, Young. (Weighted Vote Points: YES – 61; NO – 0; ABSENT - 25)

PUBLIC HEARINGS: None

NEW BUSINESS:

Vice Chairperson Watkins stated that Item 18 would be heard before the rest of the items under New Business.

18. AUTHORIZATION OF A CALPERS ADMINISTERED TRUST TO PREFUND CONTRIBUTIONS FOR THE FIRST GENERATION RETIREE HEALTHCARE PLAN:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the First Generation Retiree Healthcare Plan, which included the Background, Who is Included in the Authority's First Generation Retiree Healthcare Plan, Steps to Enroll and Fund the California Employers Retirement Benefit Trust (CERBT), Actuarial Report, Valuation Results – Varying Asset Return Assumption, The CERBT Agreement, Elements of the Agreement to Prefund Other Post Employment Retirement Benefits with CalPERS through a CERBT, Delegation of Authority, Funding the CERBT, Funding Policy, Best Practices to Ensure Appropriate Oversight of Plan Benefits and CERBT, and a Summary of Recommendations.

In response to Board Member Finnila regarding looking for another funding vehicle, Mr. Evans stated that we have flexibility to switch to another vehicle in the future, if desired.

Vice Chairperson Watkins confirmed that the initial deposit to the trust fund should be taken from the \$5,000,000 already set aside for retiree health benefits.

RECOMMENDATION: The Finance Committee recommends that the Board:

Adopt Resolution No. 2009-0062, accepting the Actuarial Valuation Report dated July 1, 2007, prepared by AON Consulting, and authorizing its submission to the California Public Employees Retirement System;

Adopt Resolution No. 2009-0072, authorizing the agreement titled "Agreement and Election of San Diego County Regional Airport Authority to Prefund Other Post Employment Benefits through CalPERS", and authorizing the President/CEO to execute the agreement on behalf of the San Diego County Regional Airport Authority;

Adopt Resolution No. 2009-0073, designating the Vice President of Finance/CFO, or the Director of Accounting, or the Director of Finance, as having legal authority to request on behalf of the Authority, disbursements from the Other Post Employment Benefits Plan, and certifying how the funds are to be used; and

Adopt Resolution No. 2009-0074, authorizing that the Annual Required Contributions of Other Post Employment Benefits for Fiscal Years 2008 and 2009 in the amount of \$2,758,000 be transferred to the California Employers' Retiree Benefit Trust for the Authority's Other Post Employment Benefits obligation; and adopting a funding policy that states that the Authority will consistently contribute an amount at least equal to 100% of the Annual Required Contribution.

ACTION: Moved by Board Member Smisek and seconded by Board Member Finnila to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Finnila, Panknin, Smisek, Watkins, Zettel; NO – None; ABSENT – Desmond, Young. (Weighted Vote Points: YES – 61; NO – 0; ABSENT - 25)

15. MAY 2009 LEGISLATIVE REPORT:

Michael Kulis, Director, Inter Governmental Relations, provided an overview of the May 2009 Legislative Report.

Board Member Zettel stated that a small delegation might be going to talk to law makers regarding high speed rail. She also expressed concern regarding AB 709 – Driver Background Checks.

In response to Vice Chairperson Watkins regarding the impact the bills have on the tidelands property controlled by the Authority, Mr. Kulis stated that they had no direct impact on the Airport Authority property.

RECOMMENDATION: Adopt Resolution No. 2009-0069, approving the May 2009 Legislative report.

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, Finnila, Panknin, Smisek, Watkins, Zettel; NO – None; ABSENT – Desmond, Young. (Weighted Vote Points: YES – 61; NO – 0; ABSENT - 25)

16. UPDATE ON CARGO AND GENERAL AVIATION PLANNING:

Keith Wilschetz, Director, Airport Planning, provided an update on Cargo and General Aviation Planning.

In response to Board Member Finnila regarding the cargo utility network and the need for a "utility spine", Iraj Ghaemi, Director, Facilities Development, stated that the size of the facility that will be located on the site.

In response to Board Member Finnila regarding an access road for the airport, Mr. Wilschetz stated that the roadway is being reviewed in the advanced planning efforts. He noted that the Least Tern habitat must be taken into consideration.

Thella F. Bowens, President/CEO, stated that staff will be working with all cargo tenants, fixed base operators, existing tenants and other fixed base operator professionals in the planning process.

Board Member Panknin stated that small cargo operators have a big economic impact on the community, and he spoke regarding the importance of general aviation and the airlines having a balanced operation.

DON PRESCOTT, BRYAN, TEXAS, representing Landmark Aviation, stated that the proposed general aviation and cargo ramps will compliment the airport, and he stated that a new fixed base operator is needed.

FRED GAMMON, SAN DIEGO, representing Qualcomm Corporation, expressed support for general aviation, and stated that his corporation would like to have a hangar at Lindbergh Field.

RECOMMENDATION: Receive the update.

17. ADOPTION OF A SECOND GENERATION RETIREE HEALTHCARE PLAN:

Jeffrey Lindeman, Director, Human Resources, provided a presentation on Adoption of a Second Generation Retiree Healthcare Plan, which included the Background, Potential Costs, Objectives of a Second Generation Plan, Availability of the 2nd Generation Program, Additional Provisions, and Cost Savings.

In response to Board Member Boland regarding employees being able to save for retirement, Mr. Lindeman stated that the program allows employees to make a pretax contribution towards their retirement.

RECOMMENDATION: Adopt Resolution No. 2009-0070, adopting the second generation retiree healthcare plan.

ACTION: Moved by Board Member Panknin and seconded by Board Member Boland to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Finnila, Panknin, Smisek, Watkins, Zettel; NO – None; ABSENT – Desmond, Young. (Weighted Vote Points: YES – 61; NO – 0; ABSENT - 25)

19. DISCUSSION AND POSSIBLE ACTION ON ELECTION OF AN ADDITIONAL BOARD OFFICER:

Vice Chairperson Watkins stated that this item will be postponed until the next Board Retreat.

RECOMMENDATION: Provide direction to staff.

ACTION: Discussion on this item was postponed until the next Board Retreat.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Board Member Zettel reported that at the April 6, 2009 Committee Meeting, McGladrey & Pullen was selected as the external auditor for a three year term.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Vice Chairperson Watkins stated that performance reviews for the three executive employees are being conducted.
- **FINANCE COMMITTEE:** None
- **TERMINAL DEVELOPMENT PROGRAM COMMITTEE:**
Board Member Boland stated that the Terminal Development Program is progressing. He stated that the meeting dates for 2009 have been set, and potential designs for the terminal are in the works.

AD HOC COMMITTEE

- **RASP/AMAP AD HOC COMMITTEE:**
Board Member Finnila reported that the Committee will meet at the end of May.

LIAISONS

- **MILITARY AFFAIRS LIAISONS:** None
- **AVIATION TECHNOLOGICAL ADVANCES:** None
- **CALTRANS:** None

BOARD REPRESENTATIVES

- **SANDAG TRANSPORTATION COMMITTEE REPRESENTATIVE:**
Board Member Zettel reported that the recent SANDAG meetings have focused on the State cutting transit funds to local agencies for the next five years. She also spoke about the benefits and convenience of the Compass Card, allowing transit passengers to ride bus or rail using the same card.
- **SCAG AVIATION TASK FORCE:** None
- **WORLD TRADE CENTER:** None

PRESIDENT/CEO REPORT:

- About the Airport
- Terminal Development Program
- Regional Aviation Strategic Plan
- Public Outreach and Communication
- International Air Service
- Comprehensive Ground Transportation Plan

Thella F. Bowens, President/CEO, reported that the Authority received a Client of the Year Award from the Construction Management Association of America, as well as a Project Achievement Award for the Quieter Home Program. She further stated that the Authority's 80th anniversary documentary, "A Piece of the Sky", has received two national Tele awards, and has been nominated for two national Emmy awards.

She reported that in regards to sustainability, a parade of electric vehicles was held on April 17, 2009 at the airport.

Ms. Bowens reported that she has met with the new director of the Port of San Diego, as well as the new director of the North County Transit District.

CLOSED SESSION: The Board recessed into closed session at 10:54 A.M. to discuss Item 21.

20. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Government Code Section 54956.9(a)):**
Britt v. San Diego County Regional Airport Authority, et al., San Diego Superior Court Case No. 37-2007-00072794-CU-MC-CTL

- 21. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION:**
Pursuant to Government Code Section 54956.9(b)
Number of cases: 1
Facts and circumstances exist causing significant exposure to litigation in accordance with Section 54956.9(b)(3(B). These facts are known by potential plaintiff Gameday Media Properties, Inc. ("Gameday") and are as follows: a disagreement exists between the Authority and Gameday regarding the close out audit of the concession agreement.
- 22. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:**
Pursuant to Government Code Section 54956.9(a):
Kenneth Quilantang v. San Diego County Regional Airport Authority, et al.,
San Diego Superior Court Case No. 37-2008-00092986-CU-PO-CTL
- 23. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Nazbest-Pacific).
- 24. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Galaxy).
- 25. 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)
- 26. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:**
Pursuant to Government Code Section 54956.9(a).
Majors v. Transportation Security Administration et al., U.S.D.C. So. Dist.,
Case No. 08 CV 2032 IEG POR.

REPORT ON CLOSED SESSION: The Board reconvened into open session at 11:42 A.M. Breton Lobner, General Counsel, announced that there was no reportable action.

PUBLIC COMMENT: None

GENERAL COUNSEL REPORT:

BOARD MEMBER REPORTS ON MEETINGS ATTENDED AT THE EXPENSE OF THE AUTHORITY:

Board Member Finnila reported that several Board Members attended a luncheon meeting with representatives of NCTD and the Port District on April 30, 2009, at the expense of the Authority.

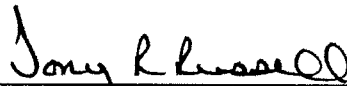
Board Member Zettel reported that she and Vice Chairperson Watkins attended a meeting in Mexico City of a Bi-National delegation of business leaders. She stated that they met with the Secretary of Transportation, Foreign Relations, Economy and Business Development and Public Safety.

BOARD COMMENT:

ADJOURNMENT:

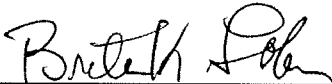
The meeting was adjourned at 11:44 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 4th DAY OF JUNE, 2009.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL