

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, SEPTEMBER 3, 2009
BOARD ROOM**

CALL TO ORDER: Chairperson Watkins called the meeting of the San Diego County Regional Airport Authority Board to order at 9:00 a.m. on Thursday, September 3, 2009, in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.
to order at 9:00 A.M.

PLEDGE OF ALLEGIANCE: Board Member Gleason led the pledge of allegiance.

ROLL CALL:

PRESENT: Board Members: Boland, Desmond, Finnila, Gleason, Panknin, Pieplow (Ex-Officio), Col. Richie (Ex-Officio), Smisek, Watkins, Young,

ABSENT: Board Members: Sheehy (Ex- Officio), Zettel

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

BOARD BUSINESS:

ADMINISTER OATH OR AFFIRMATION AND INSTALLATION OF BOARD MEMBERS:

Board Member Boland and Tony R. Russell, Director, Corporate Services/Authority Clerk administered the Oath of Office to Ex Officio Board Members Colonel Frank A. Richie and Robert Pieplow.

ELECTION OF THE VICE CHAIR OF THE BOARD AND APPOINTMENT OF AN EXECUTIVE COMMITTEE MEMBER:

ACTION: Moved by Chairperson Watkins and seconded by Board Member Boland to appoint Board Member Young to the Executive Committee and to appoint Board Member Finnila as Vice Chair. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Gleason, Panknin, Smisek, Watkins, Young; NO – None; ABSENT – Zettel. (Weighted Vote Points: YES – 92; NO – 0; ABSENT - 8)

REPORT FROM CITIZEN COMMITTEE:

• **AIRPORT ADVISORY COMMITTEE:**

Rick Beach, First Vice Chair, Advisory Committee, provided an update on the Airport Advisory Committee July 16, 2009 Meeting.

PRESENTATION(S):

A. REPORT ON THE AUTHORITY'S FINANCIAL CONDITION:

Vernon Evans, Vice President, Finance/Treasurer, provided an update on the Authority's financial condition, which included the Unaudited Financial Statements for the Year Ended June 30, 2009; Balance Sheets as of June 30, 2009 and 2008 (Unaudited); Revenues and Expenses (Unaudited) for the month ended July 31, 2009; Monthly Investment Report as of July 31, 2009; and Summary of Outstanding Commercial Paper.

PUBLIC COMMENT:

LEON CAMPBELL, LA JOLLA, spoke in regard to the need for the Authority to pursue an alternative location for San Diego International Airport. He provided Board Members with a handout.

SUHAIL KHALIL, POINT LOMA, spoke regarding the planned improvements to Taxiway Charlie. He urged the Board to reconsider the use of the 250 degree departure heading. He stated that the community appreciated the transparency by the Authority regarding the Green Build.

CONSENT AGENDA:

ACTION: Moved by Board Member Desmond and seconded by Board Member Finnila to approve the Consent Agenda. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Gleason, Panknin, Smisek, Watkins, Young; NO – None; ABSENT – Zettel. (Weighted Vote Points: YES – 92; NO – 0; ABSENT - 8)

Board Member Gleason ABSTAINED on Item 1.

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the special July 9, 2009 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. **ESTABLISHMENT OF AN AD HOC COMMITTEE REGARDING RELATIONS WITH THE SAN DIEGO UNIFIED PORT DISTRICT:**
RECOMMENDATION: Adopt Resolution No. 2009-0105, establishing an Ad Hoc Committee regarding relations with the San Diego Unified Port District.
4. **SEPTEMBER 2009 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2009-0106, approving the September 2009 Legislative Report.

CLAIMS

5. **AUTHORIZE THE REJECTION OF THE CLAIM OF MARYANN BISKUP:**
RECOMMENDATION: Adopt Resolution 2009-0107, authorizing the rejection of the claim of Maryann Biskup.
6. **AUTHORIZE THE REJECTION OF THE CLAIM OF JOHN INCROCCI:**
RECOMMENDATION: Adopt Resolution 2009-0108, authorizing the rejection of the claim of John Incrocci.
7. **AUTHORIZE THE REJECTION OF THE CLAIM OF ROGER STERN:**
RECOMMENDATION: Adopt Resolution 2009-0109, authorizing the rejection of the claim of Roger Stern.
8. **AUTHORIZE THE REJECTION OF THE CLAIM OF VICKI KELLEY:**
RECOMMENDATION: Adopt Resolution 2009-0110, authorizing the rejection of the claim of Vicki Kelley.
9. **AUTHORIZE THE REJECTION OF THE CLAIM OF PAULINA ARZOLA:**
RECOMMENDATION: Adopt Resolution 2009-0111, authorizing the rejection of the claim of Paulina Arzola.
10. **REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009:**
RECOMMENDATION: Receive the information.
11. **REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF JUNE 30, 2009:**
RECOMMENDATION: Receive the information.

COMMITTEE RECOMMENDATIONS

CONTRACTS AND AGREEMENTS

12. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM JUNE 8, 2009 THROUGH AUGUST 9, 2009 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JUNE 8, 2009 THROUGH AUGUST 9, 2009:**

RECOMMENDATION: Receive the report.

13. **AWARD A CONTRACT TO ALPHA MECHANICAL TO UPGRADE THE COMMUTER TERMINAL ROOFTOP MECHANICAL SYSTEM AS PART OF THE ENERGY REDUCTION INITIATIVE, AT SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2009-0112, awarding a contract to Alpha Mechanical, in the amount of \$415,980, for Project 104063, to upgrade the Commuter Terminal Rooftop Mechanical System as part of the Energy Reduction Initiative, at San Diego International Airport.

14. **AUTHORIZE THE THIRD AMENDMENT TO THE AGREEMENT BETWEEN THE AUTHORITY AND PAUL PLEVIN SULLIVAN & CONNAUGHTON:**

RECOMMENDATION: Adopt Resolution No. 2009-0113, authorizing the Third Amendment to the Agreement between the Authority and Paul Plevin Sullivan & Connaughton extending the term of the Agreement for one (1) year to expire no later than September 7, 2010 to provide professional legal services in connection with labor and employment issues.

15. **AWARD A CONTRACT TO ATLAS DEVELOPMENT CORPORATION, FOR QUIETER HOME PROGRAM PHASE 5, GROUP 3 (54 NON-HISTORIC WEST SIDE APARTMENT UNITS):**

RECOMMENDATION: Adopt Resolution No. 2009-0114, awarding a contract to Atlas Development Corporation, in the amount of \$795,877, for Phase 5, Group 3, Project No. 380503, of the San Diego County Regional Airport Authority's ("Authority's") Quieter Home Program ("Program").

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

16. **AUTHORIZE THE SEVENTH AMENDMENT TO THE AGREEMENT BETWEEN THE AUTHORITY AND GATZKE DILLON & BALLANCE:**

RECOMMENDATION: Adopt Resolution No. 2009-0115, authorizing the Seventh Amendment to the Agreement between the Authority and Gatzke Dillon & Ballance, LLP, extending the term of the Agreement for one (1) year to expire no later than August 31, 2010, and increasing the amount of the contract by \$150,000 for a total contract amount not to exceed \$1,950,000 to provide professional legal services in connection with the creation and adoption of the Airport Land Use Plans for the 5 urban airports and San Diego International Airport and accompanying environmental documentation.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

17. **APPROVE THE MODIFIED CONCEPTS FOR CONTRACT 2: TERMINAL 2 ELEVATED DEPARTURE CURB / TRANSIT PLAZA AND LANDSIDE MODIFICATIONS FOR THE TERMINAL DEVELOPMENT PROGRAM (THE GREEN BUILD) AND ASSOCIATED PROGRAM BUDGET ADJUSTMENTS:** Steve Cornell, Director, Terminal Development Program, provided a presentation on the Green Build, and associated program budget adjustments, which included briefing on Contract 2: Landside; Departure Roadway and Parking Lot Reconfiguration; Financial Analysis of Spruance Road Bridge; Departure Roadway and Transit Plaza Options; and TDP Schedule.

Board Member Boland clarified that there are no plans to build a garage.

In response to Board Member Gleason regarding whether the proposed revisions would be in compliance with the Environmental Impact Report (EIR), Angela Shafer-Payne, Vice President, Planning and Operations, confirmed that the changes would be consistent with the EIR conducted for this program.

In response to Board Member Young regarding what kind of outreach had been done or is planned to ensure that the community impacted by the work proposed is both informed, and provided the opportunity to give feedback, Keith Wilschetz, Director, Airport System Planning, stated that during the environmental process, over one hundred days of review was provided to the public, along with many outreach meetings into the community to ensure there was clear communication on this project.

Thella F. Bowens, President/CEO, stated that the elevated bridge was not a part of the design during the EIR process; however, the consultants and staff have planned a variety of ways to ensure there is ongoing communication with the public throughout the process. She highlighted the fact that the Authority's outreach program continues to send out materials to not only the Point Loma community, but the entire community around San Diego International Airport.

Board Member Boland stated that the designed revisions have improved not only the aesthetics of the project, but also functionality by providing additional parking.

In response to Board Member Young regarding what traffic impact is expected as a result of the bridge's construction, Mr. Cornell stated that it would have zero impact, and that it will improve the circulation of traffic in the area.

RECOMMENDATION: Adopt Resolution No. 2009-0116, authorizing the President/CEO to proceed with full design and construction using the modified Design Option 4 for the Transit Plaza and Departure Roadway and the addition of a Spruance Road entry bridge for Contract 2 - Terminal 2 Elevated Departure Curb / Transit Plaza and Landside Modifications at San Diego International Airport.

ACTION: Moved by Board Member Boland and seconded by Board Member Finnila to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Gleason, Panknin, Smisek, Watkins, Young; NO – None; ABSENT – Zettel. (Weighted Vote Points: YES – 92; NO – 0; ABSENT - 8)

18. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND AWARD A CONTRACT TO WTS, INC. TO PROVIDE MANAGED HOSTING SERVICES FOR THE ORACLE JD EDWARDS ENTERPRISEONE AND ASSOCIATED SOFTWARE APPLICATIONS FOR SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY:

Howard Kourik, Director, Information Technology, presented the staff report.

In response to Board Member Gleason regarding whether there is an indemnity clause in the contract, Mr. Kourik stated that there is one, and that staff has worked with the Authority's Legal Department in this regard.

In response to Board Member Gleason regarding whether the Authority's insurance carrier has adequate liability coverage for potential network security breaches, Jeffrey Woodson, Vice President, Administration, stated that this area has been reviewed and is addressed.

RECOMMENDATION: Adopt Resolution No. 2009-0117, awarding a Managed Hosting Service Contract to WTS, Inc., for a term of five years for a not-to-exceed amount of \$2,500,000 to host and manage Oracle JD Edwards EnterpriseOne software and associated applications for San Diego County Regional Airport Authority.

ACTION: Moved by Board Member Desmond and seconded by Board Member Gleason to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Gleason, Panknin, Smisek, Watkins, Young; NO – None; ABSENT – Zettel. (Weighted Vote Points: YES – 92; NO – 0; ABSENT - 8)

19. AUTHORIZE THE CREATION OF A NORTH AMERICAN AIR SERVICE INCENTIVE PROGRAM:

Hampton Brown, Manager, Marketing and Route Service Development, provided a presentation highlighting the scope for the creation of a North American Air Service Incentive Program which included how attracting Air Service is Competitive Business; Sample of Airports' Domestic Incentive Program; International Air Transport Association Outlook; Request for North American Air Service Incentive Program; Key Features of Program Proposal: Landing Fee Credit; Cost of the Program; and Marketing Incentive Formula.

Board Member Boland expressed concern that making a service available, would not necessarily mean that it would be utilized. He stated that major companies and the defense industry have shifted their travel plans recently because of the economy. He also stated that he would like to see the business community, and travel agents involved as well.

Thella Bowens, President/CEO, stated that it is very important to remember that it is against FAA regulations for the Authority to steer passengers to any specific carrier, and that the Authority remain neutral.

In response to Board Member Finnilla's request to provide a legal opinion regarding whether some objective standard needed to be specified in the policy, Breton Lobner, General Counsel, suggested having some written objective standards in regards to the calculations of the incentives, with the option to amend as needed.

Board Member Young questioned if there has been a comprehensive conversation with the Board about where the Authority is in regards to competitiveness. He suggested a future discussion on this topic.

Board Member Gleason also suggested that incentives be based on objective written standards.

RECOMMENDATION: Adopt Resolution No. 2009-0118, authorizing the creation of a North American Air Service Incentive Program.

ACTION: Moved by Board Member Desmond and seconded by Board Member Young to approve staff's recommendation and directed that the Program be amended to add language that any incentives will be calculated using written objective standards. Motion carried by the following vote: YES – Boland, Desmond, Finnilla, Gleason, Panknin, Smisek, Watkins, Young; NO – None; ABSENT – Zettel. (Weighted Vote Points: YES – 92; NO – 0; ABSENT - 8)

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 August 31, 2009, and that several items were being forwarded by the Committee to the Board.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Watkins reported that the Committee met and reviewed the President/CEO, Chief Auditor, and General Counsel's performance goals for 2010. He stated that the Committee is anticipating completing the goals by the end of September, 2009.
- **FINANCE COMMITTEE:**
Chairperson Watkins appointed Board Member Gleason to the Finance Committee, and stated that the Authority Clerk would handle the formal process in this regard. He stated that the Ground Transportation Plan is being reviewed.
- **TERMINAL DEVELOPMENT PROGRAM COMMITTEE:**
Board Member Boland reported that the Committee is in the process of addressing the Change Order Policy. He stated that the meeting scheduled for September 23, 2009 will need to be cancelled or rescheduled.

AD HOC COMMITTEE

- **RASP/AMAP AD HOC COMMITTEE:**
Board Member Finnilla reported that the Ad Hoc Committee met in August, and is in the process of reviewing all Airport Systems Capacity Studies. She stated that this will continue when the Committee meets again in November. She reported that staff is meeting with stakeholders and others in the community to update them on the process.

LIAISONS

- **MILITARY AFFAIRS LIAISONS:**
Board Member Boland reported that the Memorandum of Agreement between the Marine Corp Recruit Depot and the Authority, regarding the Washington Street entrance, has been signed.
- **CALTRANS:** None

BOARD REPRESENTATIVES

- **SANDAG TRANSPORTATION COMMITTEE REPRESENTATIVE:** None
- **SCAG AVIATION TASK FORCE:** None
- **WORLD TRADE CENTER:**
Board Member Watkins reported that currently several members are on a trade mission in China.

CLOSED SESSION: The Board recessed into closed session at 10:58 A.M. to discuss Items 24 and 25.

- 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:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Nazbest-Pacific).
- 22. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Galaxy).
- 23. 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)
- 24. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real Property Negotiations pursuant to Cal. Gov. Code sections 54954.5(b) and section 54956.8.
Property: 1.15 acre parcel located at the northern terminus of 13th Street in Imperial Beach
Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer
Under Negotiation: Sale – Terms of Payment and Conditions

25. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

Real property negotiations pursuant to Cal. Gov. Code sections 54954.5(b) and section 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

REPORT ON CLOSED SESSION: The Board reconvened into open session at 11:22 A.M. Breton Lobner, General Counsel announced that the Board provided direction to staff.

PUBLIC COMMENT: None

PRESIDENT/CEO REPORT:

Thella F. Bowens, President/CEO, reported that the Authority is still participating in the United Way campaign. She encouraged Board Members to participate in some of the many activities being held. She reported that staff from the Federal Aviation Administration (FAA) and Transportation Security Administration (TSA) visited SDIA recently. She stated that the visit provided the opportunity to meet some of the newly assigned officials in the agencies. She also stated that following the Labor Day Holiday travel, a report on the summer travel season will be provided. She reported that the Board Retreat has been scheduled for October 7 and 8, 2009 at the Courtyard Marriott in Liberty Station. She stated that Rick Sims, the Facilitator, will be contacting Board Members prior to the Retreat.

GENERAL COUNSEL REPORT:

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

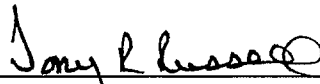
BOARD COMMENT:

Board Member Desmond expressed concern that there are no measurable goals recommended in the proposed policy regarding the definition of local participation.

ADJOURNMENT:

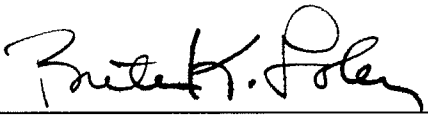
The meeting was adjourned at 11:30 A.M.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 1st DAY OF OCTOBER, 2009.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL