



**BOARD OF DIRECTORS
MARCH 28, 2008**

**AGENDA ITEM NO. 08-03-1B
ACTION REQUESTED - APPROVE**

**BOARD OF DIRECTORS DISCUSSION AND ACTIONS
FEBRUARY 22, 2008**

Chair Mary Sessom (Lemon Grove) called the meeting of the SANDAG Board of Directors to order at 9:04 a.m. The attendance sheet for the meeting is attached.

1. APPROVAL OF JANUARY 25, 2008, MEETING MINUTES (APPROVE)

Action: Upon a motion by Mayor Jim Wood (City of Oceanside) and a second by Second Vice Chair Jerome Stocks (City of Encinitas), the SANDAG Board of Directors approved the minutes from the January 25, 2008, Business meeting as amended.

2. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Clive Richard, a member of the public, expressed his concerns regarding the current system for transit. He commented that it was a dual system with upgraded electronics at some of the stations and not at others. He commented that we need to find funds to upgrade all the stations.

3. ACTIONS FROM POLICY ADVISORY COMMITTEES (APPROVE)

This item summarizes the actions taken by the Executive and Regional Planning Committees on February 8, and the Transportation and Public Safety Committees on February 15, 2008.

Action: Upon a motion by Mayor Wood and second by Second Vice Chair Stocks, the SANDAG Board of Directors approved the actions taken by the Executive and Regional Planning Committees on February 8, 2008, and the Transportation and Public Safety Committees on February 15, 2008. Yes – 14 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Escondido, National City, Santee, Solana Beach, Vista.

CONSENT ITEMS (4 through 9)

4. FY 2009 TRANSIT CAPITAL IMPROVEMENT PROGRAM (APPROVE)

The Metropolitan Transit System (MTS) and the North County Transit District (NCTD) have developed their FY 2009 Capital Improvement Programs (CIP), which form the basis for the Federal Transit Administration (FTA) Section 5307 Urbanized Area formula fund grant, the FTA Section 5309 Rail Modernization formula fund grant, and the 2006 Regional Transportation Improvement Program (RTIP) amendment for CIP projects.

The Transportation Committee recommends that the Board of Directors approve: (1) the FY 2009 CIPs for the San Diego region (MTS and NCTD), including the transfer of funds from MTS to SANDAG for regional planning and capital projects; (2) the submittal of FTA Sections 5307 and 5309 applications for the San Diego region (SANDAG, MTS, and NCTD); and (3) Resolution No. 2008-12 adopting Amendment No. 13 to the 2006 RTIP.

5. QUARTERLY INVESTMENT REPORT – PERIOD ENDING DECEMBER 31, 2007 (INFORMATION)

The SANDAG Investment Policy requires that the Board be provided a quarterly report of investments held by SANDAG. This report includes all money under the direction or care of SANDAG as of December 31, 2007.

6. QUARTERLY PROGRESS REPORT ON TRANSPORTATION PROJECTS - OCTOBER TO DECEMBER 2007 (INFORMATION)

This quarterly report summarizes the current status of major highway, transit, arterial, traffic management, and transportation demand management (TDM) projects in the SANDAG five-year Regional Transportation Improvement Program for the period October-December 2008.

Mayor Jim Desmond (City of San Marcos) requested clarification regarding the Attachment No. 10 regarding transportation demand and incident management figures; he asked staff how the data was calculated.

Gary Gallegos, Executive Director, stated that it based on the number of vanpools participating in the Regional Vanpool program, and the average number of passengers per van. The Regional Vanpool Program is a very successful program; its growth is constrained only by the amount of funding available.

7. CALIFORNIA BIODIVERSITY COUNCIL MEETING (INFORMATION)

The California Biodiversity Council (CBC) met on January 22, 2008, at the University of California, Davis to discuss the California Wildlife Action Plan. The CBC is a statewide council established to design a strategy to preserve biological diversity and coordinate implementation of this strategy through regional and local institutions. The CBC holds periodic meetings around the state to improve coordination among state and federal land management agencies and local interests.

8. REPORT SUMMARIZING DELEGATED ACTIONS TAKEN BY EXECUTIVE DIRECTOR (INFORMATION)

In accordance with SANDAG Board Policy Nos. 003 (Investment Policy), 017 (Delegation of Authority), and 024 (Procurement and Contracting-Construction), this report summarizes certain delegated actions taken by the Executive Director since the last Board meeting.

9. REPORTS ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG (INFORMATION)

Board members will provide brief reports orally or in writing on external meetings and events attended on behalf of SANDAG since the last Board of Directors meeting.

Action: Upon a motion by Mayor Wood, and a second by First Vice Chair Stocks, the SANDAG Board of Directors approved Consent Items Nos. 4 through 9, including Resolution No. 2008-12. Yes - 15. No - 0. Abstain - 0. Absent –National City, Santee, Solana Beach, Vista.

CHAIR'S REPORTS (10-13)

10. WELCOME AND INTRODUCTION OF HON. REMEDIOS GOMEZ-ARNAU, CONSUL GENERAL OF MEXICO IN SAN DIEGO (INFORMATION)

Chair Sessom stated that on December 13, 2007, Mexico's Senate ratified President Felipe Calderon's appointment of Remedios Gomez Arnau as Consul General of Mexico in San Diego. Hon. Gomez-Arnau comes to San Diego after spending the last seven years as Consul General of Mexico in Atlanta. Chair Sessom introduced Consul General Gomez-Arnau and stated that Ms. Gomez-Arnau would like to take this opportunity to introduce herself to the SANDAG Board of Directors and to express her interest in SANDAG binational planning and coordination efforts.

Consul General Gomez-Arnau expressed her thanks to the Board of Directors for the invitation to attend the Board meeting and stated that her main goal is to promote dialogue and collaboration in the region. She stated that there is a great awareness of our binational region and stated that she would promote this region. She stated that she plans to visit each member city and develop a personal contact with city authorities to develop a relationship in support of the Mexican residents and economic links. She expressed her commitment to working with SANDAG to benefit both countries.

11. WELCOME AND INTRODUCTION OF HON. JORGE RAMOS, MAYOR OF THE CITY OF TIJUANA, MEXICO (INFORMATION)

The Honorable Jorge Ramos, elected Mayor of Tijuana for the 2007-2010 term, was unable to attend the meeting.

12. SUMMARY OF ANNUAL SANDAG RETREAT (INFORMATION/POSSIBLE DISCUSSION)

The report provided a summary of the discussion at the annual SANDAG Board retreat held on January 31 to February 1, 2008. Chair Sessom stated that we addressed the four major quality of life infrastructure issues: water quality, public transit, habitat conservation and shoreline preservation. We heard from a panel on the successful passage of Measure F in Sonoma County and Proposition O in the City of Los Angeles. The survey evaluation results show that the break out sessions were fairly popular. We had a great, productive session with Senator Kehoe where she highlighted current proposals to address greenhouse gas emissions through the implementation of AB 32.

The closing keynote speaker, King County Executive Ron Simms, was dynamic and his presentation on what his county is doing for long range planning connecting land use and climate change and his comments were very valuable.

Chair Sessom stated that staff will return to the Board with information on possible future polling, based on discussions from the breakout sessions and the focus groups, and some recommendations on how to move forward on the Quality of Life issues.

Councilmember Phil Monroe (City of Coronado) commented that the keynote speaker was very dynamic. He commented that the land use planning we do at SANDAG is based on environmental issues, and what King County is doing is basing their land use planning on greenhouse gas emissions. The efforts by King County to reduce vehicle miles traveled is innovative.

Councilmember Monroe also stated that one of the priorities that came out of the public transit session was putting more emphasis on the idea of fully accessible coordinated transportation. It came out of the session as a big priority, but was not discussed during the general session. He stated that he would like this item to be a high priority for this Board.

Mayor Art Madrid (City of La Mesa) requested that staff and SANDAG make an effort to publicize the Regional Vanpool Program so the public has an idea of what a great program it is. He also suggested that SANDAG work with the San Diego Foundation on vanpools and ridesharing.

Mayor Sessom commented that we would have the TDM Diamond Award presentations at our next Board meeting, which will highlight the efforts of the region and employers to support vanpools and ridesharing.

Action: This report was presented for information only.

13. **APPOINTMENT OF POLICY ADVISORY COMMITTEE CHAIRS AND VICE CHAIRS (INFORMATION)**

In accordance with SANDAG Bylaws, the Chair appoints the Chairs and Vice Chairs of the Transportation, Regional Planning, Borders, and Public Safety Committees each February.

Chair Sessom thanked the members for having their subregional meetings and making their appointments. She stated that the only change to current leadership for the Policy Advisory Committees is the Vice Chair for the Regional Planning Committee, and Mayor Jim Janney (Imperial Beach) has agreed to take that position.

Action: This item was presented for information only.

REPORTS (14 through 21)

14. ***TransNet* BOND ISSUE: DOCUMENT REVIEW AND APPROVAL (APPROVE)**

Chair Sessom introduced the item. She stated that we are now in the final stage for the financing strategy for the *TransNet* Early Action Program (EAP). The \$600 million bond issue

will allow us to continue to expedite the delivery of the EAP. The Transportation Committee recommends approval of the issuance of the \$600 million of variable rate demand bonds.

Renee Wasmund, Finance Director, presented the item. In December 2005, the Board of Directors approved a *TransNet* financial strategy for implementing the EAP projects and for fulfilling ongoing commitments for the existing *TransNet* program. The financial strategy approved by the Board included expanding the existing commercial paper program from \$135 million to \$335 million, locking in low interest rates through an interest rate exchange agreement (swap), and issuing \$600 million of long-term variable rate debt in April 2008. This financial strategy has resulted in much progress on several EAP projects in the last two years, and the final execution of the plan to issue long-term debt will allow for this momentum to continue. The funds the bonds provide will allow for expedited delivery of construction projects and critical development milestones on other projects, providing for the mobility needs of the region while continuing to successfully compete for the additional funds the program will need in the future. SANDAG is now at the implementation stage with the sale of bonds scheduled for the end of March.

The pending transaction involves utilizing the interest rate exchanges (swaps) set up in December 2005, assessing current market conditions, and proactively refining the issuance procedures and instruments to position SANDAG to take advantage of its tremendous credit strengths. Based on current conditions, it is to the advantage of SANDAG to issue all \$600 million in variable rate demand bonds (VRDB) and not to include auction rate securities (ARS) in its debt portfolio at this time.

SANDAG has recently been upgraded to an AAA rating by Standard & Poor's (S&P) and to an Aa2 rating by Moody's, which places us as one of the highest rated sales tax bond revenue issuers in the nation. One other aspect of our strategy was to achieve cost-effective credit support bids from major banks. We planned to issue the bonds either as ARS bonds with the underlying security being bond insurance or as VRDBs with the underlying security being a bank liquidity facility. We recommend issuing the full \$600 million as VRDBs due to the turmoil in the bond insurance market at this time and the number of favorable bids from the bank liquidity facilities.

Ms. Wasmund introduced, Mary Collins, SANDAG Bond Counsel (Orrick, Herrington & Sutcliffe), Barney Allison, Disclosure Counsel (Nossaman, Guthner, Knox & Elliot), and Keith Curry, Financial Advisor (Public Financial Management), who were present to answer any questions the Board might have. Along with the *TransNet* Program Manager (Muggs Stoll) and General Counsel (Julie Wiley), Ms. Wasmund stated that as the Finance Director, she reviewed the documents the Board is being asked to approve and to the best of staff knowledge, all of the factual statements are true and correct in all material respects and the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in those documents regarding SANDAG misleading.

Ms. Wiley, General Counsel, reviewed the fiduciary responsibilities of the Board and the draft bond documents and stated that the Board should review all of the documents to become familiar with their contents and should pay particular attention to the information contained in the Official Statement to ensure there are no inaccuracies concerning SANDAG.

The Board also should ensure that to the best of their knowledge all of the factual statements are true and correct in all material respects and that the information does not contain any untrue or misleading statement of a material fact or omit to state any material fact that would make the information in any of the documents regarding SANDAG misleading. When carrying out their fiduciary responsibilities public officials may rely upon employees, bond counsel, disclosure counsel, and other professionals to assure that they are in compliance with the antifraud provisions of the federal securities laws as long as the reliance is reasonable; however the members are obligated to ask questions and ensure that all material information is disclosed.

Councilmember Jim Madaffer (City of San Diego) stated that the Transportation Committee members did an outstanding job reviewing the documents and he stated that he has reviewed the documents several times and felt it was important to get his questions and answers on the record. He stated that he would ask the same questions of the Finance Director (as the chief financial officer), the Disclosure Counsel, the Bond Counsel, the Executive Director, and the General Counsel.

Councilmember Madaffer asked Ms. Wasmund if she was aware of any information in the Official Statement that she felt was inaccurate or misleading.

Ms. Wasmund stated that to her knowledge all the statements in the documents provided are true and factual.

Councilmember Madaffer asked if there was any information that has been excluded material to the value of the bonds or the ability to re-pay the bonds, to which Ms. Wasmund replied no.

Councilmember Madaffer asked if anybody had expressed any concerns to Ms. Wasmund that any of the information in the Official Statement is inaccurate or misleading or any information that should have been included is not included, to which Ms. Wasmund replied no.

Councilmember Madaffer asked Ms. Wasmund if to the best of her knowledge the financial statements contained in the Official Statement were correct and prepared consistent with the appropriate accounting principles to which she replied, yes.

Councilmember Madaffer asked Ms. Wasmund if she believed the Official Statement was complete and accurate to the best of her knowledge, to which Ms. Wasmund replied yes.

Councilmember Madaffer asked Ms. Wasmund if there was anything else that he should know about the Official Statement and the representations contained therein before he votes, and Ms. Wasmund replied no.

Councilmember Madaffer stated that Tab 8 refers to the blank items in the documents and asked if there was anything different from that catalogue of items to be filled in that has changed since the document was printed, and if there was anything to the knowledge of Ms. Wasmund that was different than the information that was stated in Tab 8 as far as the blanks that still need to be filled in. Ms. Wasmund replied no.

Councilmember Madaffer asked Ms. Wasmund when the final Official Statement would be available for the public to review after it was signed, and if it would be available here at SANDAG. She replied that the documents would be available here at SANDAG. We are targeting a close date of March 26 or 27, 2008 and the Official Statement would be available for public review the week prior.

Councilmember Madaffer asked the Disclosure Counsel to respond to his questions on record and asked if he was aware of any information in the Official Statement that he felt was inaccurate or misleading.

Mr. Allison introduced himself for the record and stated that he has acted as Disclosure Counsel with the primary role of performing due diligence, asking questions, seeking information of material items that are necessary to be disclosed in the Official Statement, and he stated that there are no misleading statements in the Official Statement.

Councilmember Madaffer asked if there was any information material to the value of the bonds or the ability to re-pay the bonds that has been excluded. Mr. Allison replied that the only information that was identified in the catalogue of blanks is missing, and it is appropriate to wait to receive that information before completing the final documents. He stated that the kind of information that is pending includes, for example, the ratings and final pricing. Only that type of information is not available and is not included in the bond documents before the Board.

Councilmember Madaffer stated there was nothing missing beyond what was in the catalogue in Tab 8 of those blanks, to which Mr. Allison replied no.

Councilmember Madaffer asked if anybody had expressed any concerns to Mr. Allison that any of the information in the Official Statement is inaccurate or misleading or any information that should have been included that is not included. Mr. Allison replied that during the process of performing due diligence, they asked a number of questions regarding status of sales tax receipts to date and whether there have been any material changes in the financial condition of the agency since the June 30, 2007, financials. During the process of due diligence we have raised questions and had all of our questions answered. Others have asked questions as well, particularly among the dealers groups and the underwriters, and all their questions have been answered. As of today, whatever concerns there were over the past two or three months of developing the Official Statement, all those concerns have been put to rest and to the extent that those concerns were raised to the level of disclosure, that disclosure is included in the document before the Board.

Councilmember Madaffer asked Mr. Allison if to the best of his knowledge the financial statements contained in the Official Statement were correct and prepared consistent with the appropriate accounting principles, and Mr. Allison replied yes.

Councilmember Madaffer asked Mr. Allison if he believed the Official Statement was complete and accurate to the best of his knowledge, to which Mr. Allison replied yes.

Councilmember Madaffer asked Mr. Allison if there was anything else that he should know about the Official Statement and the representations contained therein before he votes,

and Mr. Allison stated that the only thing he would add is that since they developed the catalogue of blanks in the document before you, they have now selected two very highly rated banks to provide liquidity for the bond holders, and as we progress with the banks and their counsel, we will be developing the stand-by purchasing agreement, or liquidity document, and that should occur sometime next week. He stated that he does not expect the document to be off market or really any different than the documents presented today. He stated the only major change coming forward is to finalize the bank arrangements, and he does not expect any controversy. We have their bids and they bid against a Request for Proposals so we know what their terms are.

Councilmember Madaffer asked the Bond Counsel to respond to his questions on record and asked if she was aware of any information in the Official Statement that she felt was inaccurate or misleading.

Ms. Collins introduced herself for the record and stated that there was nothing that she was aware of that was inaccurate or misleading.

Councilmember Madaffer asked if there was any information material to the value of the bonds or the ability to re-pay the bonds that has been excluded. Ms. Collins replied that as previously mentioned, the Official Statement will incorporate a description of the Letter of Credit from the banks that have been chosen to provide liquidity facilities and a description of that liquidity facility. We will get certifications from those banks and their counsel that the descriptions they provide are complete and accurate and also a description of the bank document. Those are not complete currently, but will be when we finalize the Official Statement.

Councilmember Madaffer asked if anybody had expressed any concerns to Ms. Collins that any of the information in the Official Statement is inaccurate or misleading or any information that should have been included that is not included, to which Ms. Collins replied, not that she was aware of.

Councilmember Madaffer asked Ms. Collins if to the best of her knowledge the financial statements contained in the Official Statement were correct and prepared consistent with the appropriate accounting principles, to which Ms. Collins replied yes.

Councilmember Madaffer asked Ms. Collins if she believed the Official Statement was complete and accurate to the best of her knowledge, to which Ms. Collins replied yes.

Councilmember Madaffer asked Ms. Collins if there was anything else that he should know about the Official Statement and the representations contained therein before he votes, and Ms. Collins replied no, I think you are fully informed.

Councilmember Madaffer asked the same questions together of both Mr. Gallegos and Ms. Wiley.

Councilmember Madaffer asked Ms. Wiley and Mr. Gallegos if they were aware of any information in the Official Statement that they felt was inaccurate or misleading, and they both replied no.

Councilmember Madaffer asked if there was any information material to the value of the bonds or the ability to re-pay the bonds that has been excluded. Mr. Gallegos stated that we even went so far in the disclosure as to look at risk factors, and the answer is no. Ms. Wiley stated no, not to her knowledge.

Councilmember Madaffer asked if anybody had expressed any concerns to Ms. Wiley or Mr. Gallegos that any of the information in the Official Statement is inaccurate or misleading or any information that should have been included is not included, to which they both replied no.

Councilmember Madaffer asked Ms. Wiley and Mr. Gallegos if to the best of her knowledge the financial statements contained in the Official Statement were correct and prepared consistent with the appropriate accounting principles, to which they both replied yes, to the best of their knowledge.

Councilmember Madaffer asked Ms. Wiley and Mr. Gallegos if they believed the Official Statement was complete and accurate to the best of their knowledge, to which the both replied yes.

Councilmember Madaffer asked if there was anything else that the Board members should know about the Official Statement and the representations contained therein before they vote, and Mr. Gallegos replied no, and Ms. Wiley stated not to my knowledge.

Councilmember Madaffer asked Ms. Wiley and Mr. Gallegos if they would change or add anything to the Official Statement, and Mr. Gallegos stated he would not. Ms. Wiley stated that she believes everything that should be disclosed is included.

Councilmember Madaffer expressed his appreciation to the Chair for allowing the questions, and his thanks to staff and the consultants for their work on the bond documents. He stated this is a very important vote for the agency. The \$600 million in funding will help address the transportation needs in our region.

Councilmember Monroe asked for clarification on whether the responsibility is attached to the members in their role with SANDAG or does it also affect their roles within their own jurisdictions. Ms. Wiley replied that the debt is being issued in the name of SANDAG and the responsibility is only attached to the members' role for SANDAG and does not need to be approved by each separate jurisdiction.

Councilmember Monroe asked for staff to clarify why the use of variable rates for this transaction was advised when the market is negatively affecting the average homeowner.

Ms. Wasmund stated that Councilmember Monroe is referring to the auction rate securities, which are secured by underlying bond insurance. Because of the turmoil in the sub-prime mortgage market, these insurance bond providers are being downgraded and some are experiencing failed auctions. We recommend the VRDBs, because they are secured by the liquidity facility and our excellent credit ratings. In addition, the swap synthetically fixes the rate. We receive a variable rate from the swap counterparties, which will approximate the variable rate we pay the bondholders. We pay a fixed rate to the swap counterparties and so have effectively hedged our variable rate to a fixed rate.

Supervisor Dianne Jacob (County of San Diego) requested Ms. Wasmund to estimate the cost of the bonds in more detail.

Ms. Wasmund stated that the cost was an all in interest rate that we pay. SANDAG entered into three interest rate swaps: one at 3.4 percent and two at 3.8 percent. When you add in the cost of re-marketing the VRDBs, because the interest rate resets daily, that puts the interest rate at just below 4 percent, which is approximately \$33 million annually for the debt service.

First Vice Chair Lori Holt Pfeiler (City of Escondido) asked staff to describe the financial statements and other documents that were used, the process that was used to make sure what is represented is correct, and whether there was any additional information after the financial statements were completed.

Ms. Wasmund stated that we undergo numerous audits that result in the audited financial statements from the fiscal year ending June 30, 2007, which are in the Official Statement. The auditors also perform due diligence to inquire about subsequent events which we represent to the auditors in a separate representation letter. Other information that was discovered that could influence bond buyers on their decision was the additional information on the decline in sales tax revenues and that has been disclosed in the Official Statement. We expect FY 2008 sales tax revenues to be lower than FY 2007, but we expect a slight recovery in FY 2009.

First Vice Chair Pfeiler asked if we then turn the documents over to Disclosure Counsel for their review, and Ms. Wasmund asked Mr. Allison to respond with the process used by Disclosure Counsel.

Mr. Allison replied that in his role as Disclosure Counsel he performed due diligence regarding the ability of SANDAG to pay back the bonds. We go through an extensive process of asking questions of all members of the financing team, review the financial statements, and ask questions regarding anything material to the transaction. The important thing to keep in mind is that investors expect to be paid back from sales tax revenues and the primary issue to the investor is whether there will be enough sales tax revenues to be paid back. He stated that the rating agencies look at the level of sales tax in relation to the debt you are incurring, and SANDAG has a rating of seven times the debt service coverage. As far as the financial documents, the auditors look at all things related to the ability of this agency to pay back the bonds from sales tax revenues, including management structure and material liabilities that could affect SANDAG ability to operate the agency. He stated that the bond holders look only at the sales tax receipts and that is the primary disclosure in the document presented today.

Second Vice Chair Stocks stated that these are very complex financial instruments and asked for clarification as to why we didn't issue fixed rate bonds.

Mr. Curry stated that SANDAG could have issued fixed rate bonds in today's market. However, SANDAG hedged the cost of funds in 2005 at a rate that will produce an estimated cost of 3.92 percent. If we sold bonds today, we would receive an interest rate of approximately 4.34, which would cost us an additional \$3 million per year in debt service.

Second Vice Chair Stocks stated that we are using this complicated method because it saves us money, and Mr. Curry replied in the affirmative.

Second Vice Chair Stocks asked whether the Official Statement should have any comments regarding the state's budget situation or the current problems in the housing market.

Mr. Allison replied that as part of the due diligence, they have asked those questions. The state budget problems are not material to this credit. This credit relies on sales tax receipts. Whatever may happen with the state budget with regards to the transportation fund may affect the ability of SANDAG to complete projects. The bond sale is driven by sales tax receipts. The decline in building permits and increase in foreclosures may affect the sales tax revenues. We have disclosed the decline in sales taxes and feel that is an adequate disclosure. There would have to be an 85 percent decline in total sales tax revenues before we would reach one to one debt service coverage.

Action: Upon a motion by Councilmember Madaffer and second by Second Vice Chair Stocks, the SANDAG Board of Directors, acting as the San Diego County Regional Transportation Commission, adopted Resolution No. RTC 2008-01 authorizing the issuance of \$600 million of variable rate demand bonds and the execution and distribution of the final documents. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Solana Beach.

15. *TransNet* ENVIRONMENTAL MITIGATION PROGRAM MEMORANDUM OF AGREEMENT AND FY 2008 MANAGEMENT AND MONITORING FUNDING RECOMMENDATIONS (APPROVE)

Coronado Councilmember Carrie Downey, Chair, Environmental Mitigation Program (EMP) Working Group, introduced the item. The proposed EMP Memorandum of Agreement (MOA) allows SANDAG to procure the land in advance of a *TransNet* project and any identified mitigation requirement for the project. It does not preclude a full environmental study. SANDAG, U.S. Fish and Wildlife Service (USFWS) and the California Department of Fish and Game (CDFG) would work together to determine the need for mitigation. The MOA would allow us to purchase land in advance at a cheaper cost and allow us to perform mitigation and monitoring to maintain our habitat lands.

Keith Greer, Senior Regional Planner presented the item. The *TransNet* Extension Ordinance, adopted by voters in November 2004, includes the following section which outlines the intent of the EMP. The two fundamental tenants of the EMP are: (1) large-scale, early acquisition of land which (2) provides mitigation for future transportation projects, reducing future costs and increasing project delivery. Simply put, if we buy the land now in a larger block, it will be more cost-effective than waiting until the future and purchasing land on a project-by-project level.

The benefits of this approach were estimated in the *TransNet* Extension Ordinance (Principle 4). Mitigation under the *TransNet* Ordinance was estimated at \$850 million dollars: \$600 million for major corridor projects in the Regional Transportation Plan (RTP) and \$250 million for local streets and roads. Based on the \$850 million dollars available, it was estimated that if we mitigated early, with large blocks of habitat, we could avoid the

escalation of land values, the cost of lost mitigation opportunities, and take advantage of an economy-of-scale. This was estimated to result in about \$200 million of economic benefit, which could be used by the region to implement the regional habitat conservation plans on activities such as land acquisition, management, and biological monitoring. But buying land early (sometimes 10-15 years in advance) requires a level of assurance that that land is still good for mitigation when the transportation projects are ready to be built.

After exploring the financial and legal limits of *TransNet* Extension Ordinance and the existing state and federal wildlife protection acts, it was decided that the most efficient and effective approach would be for SANDAG, Caltrans, CDFG, and USFWS to enter into a Memorandum of Agreement. The MOA is a processing agreement good for 10 years indicating the roles and actions of all the parties. The MOA establishes a funding allocation for mitigation in tandem with the necessary project assurances. The MOA has a required reporting program starting in the 3rd year and then every 2nd year to evaluate if the goals of EMP are being met. The MOA will be reviewed at end of year 10 along with the comprehensive *TransNet* program review required by the Ordinance.

The *TransNet* Extension has estimated the general mitigation needs of transportation projects in RTP and local streets and roads. Those needs would be matched up against conservation and restoration opportunities through a conservation and mitigation strategy developed by SANDAG, Caltrans, USFWS, and CDFG. The Plan of Finance (POF) provides the budget and timing of funds.

Project mitigation needs would be aligned to conservation opportunities and available funding in the POF. Specific agreements would be entered into by the signatories to provide the necessary assurances. The MOA allows for a variety of regulatory tools to provide the assurances such as mitigation banks, programmatic consultations, and new tools developed in the future. Once a specific agreement is approved and executed, money would be released for the mitigation.

In addition to the project mitigation, the MOA provides for \$4 million annually for regional land management and biological monitoring. This is consistent with the SANDAG Board adopted *TransNet* EMP Guidelines to provide some safety net of management and monitoring funding until a regional funding measure is established.

Finally, if after the 10-year comprehensive review, there are any cost savings from providing early mitigation and reaping the economic benefit, the savings would go into the Regional Habitat Conservation Fund for additional land acquisition, management, and/or monitoring.

Additionally, the second part of this agenda item is to approve a set of land management and monitoring activities and budget for FY 2008, and authorize staff to solicit proposals and develop contracts once the MOA is executed. This includes allocations of \$4.0 million from FY 2008 for management and monitoring activities, as well as the unused allocations (\$1.3 million) from FY 2007. Money was allocated in FY 2007 contingent upon an executed agreement. If the proposed MOA is adopted by the SANDAG Board and executed, \$1.3 million in funding would be released for those activities previously identified in FY 2007.

The recommendations for FY 2007 remain consistent with those adopted by the SANDAG Board on December 15, 2006. The FY 2008 recommendations are based on a review of the Five-Year Conceptual Funding Strategy for management and monitoring also adopted by the Board on December 15, 2006. Upon execution of the MOA by the SANDAG Board, staff would implement the necessary contractual requirements to implement these recommendations.

In terms of next steps, staff will update the 5-year management and monitoring strategy to be consistent with the MOA and evaluate the regional needs resulting from the 2007 wildfires. A Fire Safety and Habitat Management workshop will be held on March 11, 2008 at 1 p.m.

Councilmember Monroe thanked Councilmember Downey for her commitment and asked for an introduction on tape of the representatives from the U.S. Fish and Wildlife Service and the California Department of Fish and Game.

Mr. Greer introduced Dr. Ed Pert, California Department of Fish and Game, South Coast Regional Manager; Chandra Wallar, General Manager/Deputy Chief Administrative Officer, County of San Diego; Susan Wynn, U.S. Fish and Wildlife Service; and Bruce April, Deputy Chief, Caltrans.

Councilmember Monroe stated that one of the bullets references working on project-specific agreements. He asked whether there were specific requirements for mitigation ratios within the MOA and how the process for ratios would be defined.

Mr. Greer stated that the intent of buying land early is to reduce the mitigation ratios. The higher ratios are the result of impacting a habitat and then having to build up the mitigation to a certain level. The MOA will allow us to build up to that level before the impact occurs and that will allow the ratios to drop to as low as one to one.

Mayor Cheryl Cox (City of Chula Vista) requested clarification regarding the increase in land management costs from \$1.3 million in FY 2007 to \$4 million in FY 2008 and whether of the scope of the study had expanded to cause this increase in proposed funding. She asked if this funding was to acquire land in the future.

Mr. Greer stated that prior to adoption of the *TransNet* Extension Ordinance, there were guidelines for allocation of funds. The allocations for year one, FY 2006, was \$1 million which was designated for existing problems. The allocation increased to \$2 million last year, and this year to \$4 million. This increase in funding is consistent with the *TransNet* EMP guidelines of how allocations should occur, and the EMP Working Group has made recommendations for certain categorizations of land management and monitoring for existing problems. These funds are identified for land management and monitoring of existing land, and not for the purchase of new land for future projects.

Mr. Gallegos states that these funds also allow us to catch up because we can't get more funding until the MOA is signed. The Board of Directors approved releasing some funding in FY 2007, as an incentive for adopting the EMP MOA, and the remaining \$1.3 million is the balance of the FY 2007 funds.

Councilmember Downey stated that the Board approval of the funds fulfilled a need for funding these earlier legacy projects and allows us to do what we should have done when we adopted the habitat plans in the beginning.

Pedro Orso-Delgado, Caltrans District 11 Director, commented that this will be a terrific tool to implement programs and stated Caltrans support for the MOA.

Supervisor Jacob asked the representatives of the U.S. Fish and Wildlife Service and the California Department of Fish and Game whether their agencies were now more willing to be flexible on the type of mitigation allowed. Up to now, only like mitigation was considered such as wetlands for wetlands. With the adoption of the MOA and advance planning for mitigation, would the agencies allow alternative types of mitigation lands, such as mitigating wetlands with grasslands.

Ms. Wynn replied that the goal is to take a more holistic, regional view of mitigation and to look at what is of value for the region as a whole. We may not get to the point that would allow mitigating wetlands with uplands. The goal is to look at what is best for the land or region that requires mitigation and find solutions in that way.

Supervisor Jacob stated her appreciation of their willingness to be flexible as it will become very important for the implementation of the MOA. Supervisor Jacob asked staff to clarify the timeline for developing the mitigation strategy, the project-specific agreements, and updates to the five-year strategy.

Mr. Greer stated that the goal is to work on the mitigation strategy in the next month as we want to have a solid plan prior to the bond issuance. For project-specific agreements, our plan is to have some agreements done and present them to the Board within the next six months so that you can see how this will work. The updated five-year management and monitoring strategy will come back to the Board before the end of the fiscal year.

Mr. Gallegos stated that the initial focus for project-specific agreements will be on the *TransNet* EAP projects so that construction can begin without any problems.

Supervisor Jacob requested clarification on the costs associated and whether the funds were in today's dollars.

Mr. Gallegos stated that those were in 2002 dollars when the *TransNet* measure was developed. The idea is that sales tax values go up at the same rate that costs go up, and if sales tax dollars decline, the thought is that property values would decline at the same rate, and that it would balance.

Deputy Mayor Crystal Crawford (City of Del Mar) expressed her appreciation to those involved in the MOA. She asked staff for projections on when we will begin purchasing properties.

Mr. Greer stated that we have already started spending money on mitigation for State Route (SR) 76. For future acquisitions, our goal is to close escrow on property for a current project. We have to align the properties we purchase with our mitigation needs.

Mr. Orso-Delgado commented that we are currently working on purchasing property for SR 76.

Deputy Mayor Crawford asked for clarification on the acreage instead of ratios shown as targets for specific properties, and whether staff felt this was sufficient or would there be a need for a more.

Mr. Greer stated that we feel the estimates are sufficient, but that is why the MOA covers a ten-year timeframe. Some projects will match, some will go higher, and some will be lower, but after ten years we expect that it would balance.

Ms. Wynn commented that much of the reason for escalation of the ratios is due to the uncertainty, and mitigating in advance of the project decreases the uncertainty and makes it more reliable to work with the lower ratios.

Mr. Gallegos commented that if we are efficient and do well, we can do more that will advance the conservation programs. If not, we will need to use the \$200 million reserve to fund those extra programs. So the incentive is be more cost-effective to advance habitat plans as far as possible.

Deputy Mayor Crawford asked if there were any other impediments for this program, such as legal constraints with existing state law.

Mr. Greer stated that it took a couple of years to develop this MOA because we were trying to create one tool that would cover all of our transportation projects and give us permits with a guaranteed funding source. This can't happen so instead we are working by steps. This is the first step, and we are confident that we can move on to the next step and begin to develop specific agreements for specific projects.

Councilmember Downey stated that developing the agreements on a case-by-case basis allows all the parties to be working together on each agreement.

Chairman Ed Gallo (North County Transit District [NCTD]) commented that staff has determined the acreage needed for mitigation based on future transportation plans, how much mitigation would be required, and the cost for the mitigation, but that budget was based on 2002 dollars.

Mr. Greer stated that the budget was based on 2002 dollars with the concept that tax revenues and land value would increase at the same pace.

Chairman Gallo asked for clarification regarding the total program funding of \$850 million on the pie chart versus the total for funding reflected on the 2030 RTP project graph, which is \$650 million.

Mr. Greer stated that there is a Regional Habitat Conservation Fund of \$200 million is included in the total program cost of \$850 million. The goal is to achieve cost savings through this program, which would then only cost us the \$650 million for mitigation of the RTP projects.

Chairman Gallo commented that there also was additional funding of up to \$30 million of financing costs and asked why staff did not develop one budget to incorporate all the costs.

Mr. Greer stated that the \$30 million in financing costs is part of the *TransNet* program.

Mr. Gallegos stated that *TransNet* is a 40-year program and in order to purchase land up front, we have to borrow the funds and pay the financing costs. This also allows us to save money on the project costs. In the first *TransNet* measure, there was no allowance for financing costs and when we chose to borrow, we did not have the funds to finish projects because of the cost of financing.

Councilmember Downey commented that we fully expect to spend the full \$850 million, but our goal is to have that \$200 million cushion to fund additional habitat planning and to fund extra projects.

Chairman Greg Cox (County of San Diego) requested clarification regarding the cost of purchasing properties and what the average cost of \$400,000 per acre covers.

Mr. Gallegos clarified that the cost was not just cost for acquisition but also for enhancements to satisfy mitigation requirements and for maintaining and monitoring the land as well.

Chairman Cox commented that an acre of wetlands would cost about \$550,000 and an upland acre about \$250,000. This seems a very high cost for the acquisition of property.

Mr. Greer stated that prior to *TransNet*, staff determined the cost for mitigation of land for a project and these numbers came from estimates from historical data for past projects.

Mr. Gallegos stated that the biggest challenges are along Interstate 5 (I-5) where there are sensitive lagoons and habitat where it will be the most difficult and expensive to mitigate impacts.

Mr. Orso-Delgado commented that Caltrans estimated that the cost of mitigation for the Southbay Expressway toll road was so high because the mitigation was done at the last minute. The goal is to get to the lowest possible ratio to keep the costs down.

Action: Upon a motion by Supervisor Jacob and second by Councilmember Monroe, the SANDAG Board of Directors approved (1) the proposed *TransNet* EMP MOA and authorized the Executive Director to execute the MOA; and (2) approved the proposed management and monitoring activities and budget for FY 2008 totaling \$5.3 million, and authorized staff to solicit proposals and develop contracts for activities pursuant to the recommendations after execution of the MOA. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Solana Beach.

16. PROPOSED AMENDMENT TO BOARD POLICY NO. 031 ON ACCOMMODATING BICYCLISTS AND PEDESTRIANS (APPROVE)

Councilmember Madaffer introduced the item. The *TransNet* Extension Ordinance includes a provision that requires all *TransNet*-funded projects to include accommodations for bicycle

and pedestrian travel where it is legal and feasible to do so. This item presents guidelines for how that provision in the Ordinance would be implemented. The guidelines have received extensive review and input from both local agencies and stakeholders through the Bicycle-Pedestrian Working Group and the Cities/County Transportation Advisory Committee. Both of these groups have recommended approval. The guidelines also were reviewed by the Independent Taxpayers Oversight Committee and the Executive Committee, and they too have recommended approval.

Stephan Vance, Senior Regional Planner, presented the item. The principles behind this provision in the *TransNet* Ordinance are that in order to meet the mobility needs of the region, our transportation system should provide for the mobility of everyone, and that the most efficient way to do this is to provide for bicycle and pedestrian travel when new projects are being built or when major reconstruction is taking place. The guidelines provide clarification on what constitutes adequate accommodation, what does it mean by these facilities should be designed to the best available standards, and how do you determine when the cost for providing these accommodations would be disproportionate to the need or probable use.

In developing the guidelines, staff referred to best practices and existing administrative functions in the region to ensure that the guidelines would not create an undue burden on the agencies using *TransNet* funds. The proposed guidelines make use of the existing programming process for *TransNet* to encourage good planning that takes into account the needs of bicyclists and pedestrians. The guidelines provide for a review of the process within three years to ensure that the goals of the program are being met without creating that undue burden to local agencies.

Councilmember Matt Hall (City of Carlsbad) asked whether a city or county would be able to continue to undergo an overlay project, regardless of the thickness of the overlay, as long as they were not changing design of the street.

Mr. Vance stated that the thickness of the overlay does matter under the guidelines of this provision. However, based on other *TransNet* provisions, an overlay of one-inch or greater is considered major construction so this provision would apply. However, the proposed guidelines do provide consideration to occur if there is no major design change.

Councilmember Hall stated that most of the overlays done in his jurisdiction use a two-inch overlay.

Deputy Mayor Crawford commented that the guideline to revisit this provision in three years will be helpful. If we want to do a two-inch overlay, we would have to have a public hearing and prevail upon the exceptions in the policy in order to be able to use *TransNet* funds for the project. Even though Del Mar has always supported bikes and pedestrian access, this provision will be very burdensome for some smaller cities. Del Mar does not have the staff to accomplish some of these guidelines. There will be some unintended consequences so it is important that we will be able to review the provision in three years and make adjustments.

Chairman Gallo requested clarification regarding what constitutes a Class Two bike lane, and Mr. Vance provided the definition. He also requested clarification on how the Del Dios

Highway was classified, and what type of bike lane would be required, and after some discussion, Chair Sessom asked staff to provide information to Chairman Gallo after the meeting.

Chairman Harry Mathis (Metropolitan Transit System [MTS]) requested clarification on how this provision would apply to rail projects and rights-of-way.

Mr. Vance stated that provisions under *TransNet* are basically what are currently being done by new transit projects, which is providing bike parking, good pedestrian access, bike racks, etc. The provisions related to right-of-way have to do with restoring pedestrian access if it is severed when putting in rail, and accommodating bikes on streets when developing bus-only lanes.

Chairman Mathis stated that he wanted clarification that if they build a rail along a right-of-way, it would not necessarily be conducive to having bikes riding in close proximity to the trains, and he wanted to make sure there was nothing that would add to the project.

Mr. Vance stated that there was nothing in guidelines regarding transit that would require that.

Kathy Keehan, representing San Diego County Bicycle Coalition, spoke in support of the recommendation and stated that the language is a fair compromise between the needs of pedestrians and bikes and the financial and environmental constraints of building and improving roads. She expressed the organization's concerns regarding parts of the provision.

Ken Grimes, representing WalkSanDiego, stated his organization's support for the recommendations and their specific concerns regarding some requirements of the rule.

Action: Upon a motion by Mayor Wood and second by Councilmember Madaffer, the SANDAG Board of Directors approved the proposed amendment to Board Policy No. 031 concerning Accommodating Bicyclists and Pedestrians under the *TransNet* Ordinance Extension. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Solana Beach.

17. PROPOSED ADVERTISING POLICY – DRAFT BOARD POLICY NO. 034 (APPROVE)

This item was continued to the next Board meeting.

18. TRANSIT REVENUE APPORTIONMENTS AND PROJECTIONS (APPROVE)

Councilmember Madaffer introduced the item. Each year, SANDAG provides revenue projections for the next five years for various federal, state, and local funding to transit operators and to local agencies. This year's report includes the projected revenues for FY 2009 apportionments and estimates through FY 2013. Unfortunately, we have to recommend reductions in FY 2008 revenues. The Transportation Committee is recommending reducing the FY 2008 estimate for Transportation Development Act (TDA) and *TransNet* revenues based on the current economic trends. The Transportation Committee reviewed this item at its February 15 meeting and recommends approval.

Sookyung Kim, Financial Programming Manager, presented the item. The transit operators within the SANDAG region receive various federal, state, and local revenues to support both ongoing operations and capital projects. SANDAG is responsible for the apportionment of these funds to the transit operators and to the local agencies for the non-motorized program. Those revenues include the TDA, *TransNet*, Federal Transit Administration (FTA) program funds, and the State Transportation Assistance (STA) program. Under TDA law, SANDAG is required to provide this information by March 1 each year, necessitating action by the Board in February.

As the Regional Transportation Planning Agency (RTPA), SANDAG is responsible for determining the revenue forecast for the coming year for various funding sources including *TransNet*. Each year, SANDAG publishes a five-year estimate in order assist the local agencies and transit operators with their budget process.

SANDAG has developed a short-term revenue model that reacts better to current trends. The model takes into account various factors that would impact sales tax receipts (the local economy, housing, wages, personal income, unemployment rate, population, etc.), and uses quarterly historical data to develop a seasonally adjusted growth rate for the next five years.

In addition to providing for the 5-year estimate, this report includes a revision to the current year, FY 2008 estimate for *TransNet*. The receipts for *TransNet* in the first six months of the current fiscal year are approximately 2.4 percent less than the same period in the prior year. Based on historical trends and on the continuing overall negative economic trends, we expect that the second half of the fiscal year will be weaker than the first half. Using this information, and consistent with the new short-term model, the recommendation is to reduce the FY 2008 estimated *TransNet* revenues by 2.9 percent less than the FY 2007 actual receipts.

That means for *TransNet*, the total FY 2008 amount would be \$240.7 million. SANDAG has met with both transit operators to review the short-term model as well as the revision to the FY 2008 revenues, and they are aware of the changes coming. Also, SANDAG sent out a memo notifying the local agencies regarding the revision to *TransNet* revenues. The *TransNet* revenue estimates were developed using the newly developed short-term model.

Mayor Madrid commented that this was a lengthy item for discussion at the Transportation Committee meeting. One of those comments was implementing efficiencies, and he suggested strongly that this Board develop the appropriate mechanism to merge both transit agencies to improve efficiencies for transit in the region. We also need to address the concerns of the riders themselves as they are being directly impacted.

Second Vice Chair Stocks commented that the Joint Committee on Regional Transit (JCRT) discussed and both MTS and NCTD agreed to meet at the staff level to begin identifying areas of commonality where we can eliminate areas of duplication and provide opportunities for efficiencies between the two agencies. The budgetary adjustments are devastating for the transit agencies as they currently exist, and both agencies have to look at modifications to future plans and future services.

Mayor Ron Morrison (City of National City) stated for clarification that the City of National City is shown as receiving funds but this is only for an accounting process. The City of National City no longer receives state transit assistance funds.

Mayor Wood stated that there is a necessity for an adjustment, and unfortunately we make cuts for those that need transit the most and who can least afford the cuts. We need to be smarter about where and how we make cuts in service.

Councilmember Madaffer stated that we should convene a working group to look at potential cost savings opportunities between the two agencies. One possible option is perhaps working with Metrolink in Orange County and what cost savings and efficiencies could be found by having them take over the SPRINTER. We will continue to see reductions in transit dollars, and we need to look at what we need to do to get the greatest efficiencies for every dollar and ensure that every route that is in operation is the best possible to provide service to commuters and reduce congestion on the freeways.

Chairman Mathis commented that cuts do affect those areas or people that are the most transit dependent, but we have to focus cuts on those lines with the highest subsidy and are the least used. We can't run a transit system where we continue to accumulate negative impacts in funding. As we cut service, we lose revenue which drives further cuts and eventually we economize ourselves out of existence. The way we finance transit systems with the heavy dependence on sales tax will continue to negatively affect our ability to provide services. We need to find a more reliable stream of revenue for transit. Future sales tax revenue will be more heavily impacted by Internet purchases where people avoid the payment of sales tax.

Mayor Wood stated that we need to consider toll lanes from Riverside County and Orange County as a means of funding transit in San Diego County and suggested that staff look into that possibility.

Action: Upon a motion by Second Vice Chair Stocks and second by Councilmember Monroe, the SANDAG Board of Directors approved the proposed revision to the FY 2008 TDA and *TransNet* revenues; adopted the FY 2009 apportionments for various federal, state, and local programs; and approved the revenue projections for FY 2010 to FY 2013 for these programs. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Solana Beach.

19. STATUS OF *TransNet* MAINTENANCE OF EFFORT AUDITS (APPROVE)

Ms. Wasmund gave a brief background and description of the MOE audit process and the status of the audits.

Action: Upon a motion by Mayor Morrison and second by Councilmember Madaffer, the SANDAG Board of Directors approved the MOE base levels for the jurisdictions that have completed the process. Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Solana Beach.

20. CAPITAL PROJECTS BUDGET TRANSFERS (APPROVE)

Action: Upon a motion by First Vice Chair Pfeiler and second by Mayor Morrison, the SANDAG Board of Directors approved a budget transfer that increased the Substation Standardization II Project budget (CIP #1142100) by \$600,000 and decreased the High Voltage Breaker Replacement Project budget by the same amount (CIP #1128000) . Yes – 18 (weighted vote, 100%). No – 0 (weighted vote, 0%). Abstain – 0 (weighted vote, 0%). Absent – Solana Beach.

Chair Sessom convened the meeting into closed session at 11:10 a.m.

21. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL IN ANTICIPATION OF LITIGATION – Pursuant to Government Code Section 54956.9(b) – TWO POTENTIAL CASES

22. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL CONCERNING INITIATION OF LITIGATION- Pursuant to Government Code Section 54956.9(b) – ONE POTENTIAL CASE

23. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL IN ANTICIPATION OF LITIGATION--Pursuant to Government Code Section 54956.9(b) – ONE POTENTIAL CASE

24. CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION-- Pursuant to California Government Code Section 54956.9(a) SANDAG v. Board of Trustees of California State University (Case No. 37-2007-00083768-CU-TT-CTL)

Agenda Item No. 24 was pulled from the closed session agenda.

Chair Sessom reconvened the meeting into open session at 12:11 p.m.

General Counsel Wiley reported the following out of closed session: on Agenda Item No. 21, the Board directed staff to reject the tort claim of Rhode Martinez and Mercedes Monroe; on Agenda Item No. 22, the Board authorized staff to execute a settlement agreement with the Airport Authority; and on Agenda Item No. 23, the Board provided staff with direction for purposes of settlement negotiations.

25. UPCOMING MEETINGS

The next Policy meeting of the Board of Directors is scheduled for Friday, March 14, 2008, at 10 a.m. The next Business meeting of the Board of Directors is scheduled for Friday, March 28, 2008, at 9 a.m.

26. ADJOURNMENT

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

**ATTENDANCE
SANDAG BOARD OF DIRECTORS' MEETING
FEBRUARY 22, 2008**

| JURISDICTION/ ORGANIZATION | NAME | ATTENDING | COMMENTS |
|--|--|-----------|-------------------------------|
| City of Carlsbad | Matt Hall (Member) | Yes | |
| City of Chula Vista | Cheryl Cox (Member) | Yes | |
| City of Coronado | Phil Monroe (Member) | Yes | |
| City of Del Mar | Crystal Crawford (Member) | Yes | |
| City of El Cajon | Mark Lewis (Member) | Yes | |
| City of Encinitas | Jerome Stocks, 2nd Vice Chair (Member) | Yes | |
| City of Escondido | Lori Holt Pfeiler, 1st Vice Chair (Member) | Yes | |
| City of Imperial Beach | Jim Janney (Member) | Yes | |
| City of La Mesa | Art Madrid (Member) | Yes | |
| City of Lemon Grove | Mary Sessom, Chair (Member) | Yes | |
| City of National City | Ron Morrison (Member) | Yes | |
| City of Oceanside | James Wood (Member) | Yes | |
| City of Poway | Don Higginson (2nd Alternate) | Yes | |
| City of San Diego - A | Jerry Sanders (Member A) | Yes | |
| City of San Diego - B | Jim Madaffer (Member B) | Yes | Arrived 9:27 am |
| City of San Diego -B | Anthony Young | Yes | Arrived 9:10 Departed 9:27 |
| City of San Marcos | Jim Desmond (Member) | Yes | |
| City of Santee | Jack Dale (Member) | Yes | |
| City of Solana Beach | Lesa Heebner (Member) | No | |
| City of Vista | Judy Ritter (Member) | Yes | |
| County of San Diego - A | Greg Cox (Member A) | Yes | |
| County of San Diego - B | Dianne Jacob (Member B) | Yes | |
| Caltrans | Pedro Orso-Delgado (Alternate) | Yes | |
| MTS | Harry Mathis (Member) | Yes | |
| NCTD | Ed Gallo (Member) | Yes | |
| Imperial County | Victor Carrillo (Member) | Yes | |
| US Dept. of Defense | CAPT Steve Wirshing (Member) | Yes | |
| SD Unified Port District | Michael Najera (Alternate) | No | |
| SD County Water Authority | Marilyn Dailey (Member) | Yes | |
| Baja California/Mexico | Remedios Gómez-Arnau (Member) | Yes | |
| Southern California Tribal Chairmen's Association | Allen Lawson (Alternate) | Yes | |