

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE
MINUTES
WEDNESDAY, SEPTEMBER 16, 2009
BOARD ROOM**

CALL TO ORDER:

Chairperson Watkins called the regular meeting of the Executive Personnel and Compensation Committee and Special Board Meeting to order at 10:00 a.m. on Wednesday, September 16, 2009, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

PRESENT: Committee Members: Boland, Desmond, Watkins
Board Members: Finnila, Smisek

ABSENT: Committee Members: 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.

PUBLIC COMMENT: None

NEW BUSINESS:

Chairperson Watkins announced that Items 6 and 7 would be heard prior to Item 5.

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the special July 8, 2009 meeting.

ACTION: Moved by Board Member Desmond and seconded by Board Member Boland to approve staff's recommendation. Motion carried unanimously, noting Board Member Zettel as **ABSENT**.

2. COMMITTEE DISCUSSION AND RECOMMENDATION(S) ON ANY PROPOSED ENHANCEMENT(S)/REVISION(S) TO THE EXECUTIVE PERFORMANCE APPRAISAL PROCESS:

Linda Shoob, Consultant, Centre for Organization Effectiveness, provided a presentation on Executive Goals and Performance Measures which included Purpose; Outcomes; 2009 Sequence of Annual Events; 2008-2009 Focus; 2009-2010 Recommendations; and 2010 Sequence of Annual Events Proposed.

Board Member Boland urged that any future changes to goals and categories be realistic.

Board Member Finnila requested clarification regarding whether only Executive Personnel and Compensation Committee Members were to provide the ratings.

Chairperson Watkins stated that it is the Committee's goal to have feedback from all Board Members relating to the performance evaluation process.

Board Member Boland expressed concern regarding the proposed process, and stated that objectivity may be overshadowed by subjectivity.

Board Member Desmond expressed concern about having all Board Members providing feedback on performance evaluations.

Ms. Shoob recommended that all Board Members provide input in the performance goals, and that only the Executive Personnel and Compensation Committee Members provide the ratings with input for other Board Members in attendance.

Board Member Boland suggested that this item be discussed by the Board at the next Board Retreat to ensure there is understanding of the process.

Board Member Finnila suggested that a quorum of the Executive Personnel and Compensation Committee Members be required to be present when a rating is made.

Ms. Shoob recommended that the Committee decide if it will use a one vs. two rating system for compensation, and stated that this issue could be discussed during Closed Session.

Chairperson Watkins stated that as standards are established, it is important to connect general performance with overall achievement to provide a basis for any bonus program being considered.

RECOMMENDATION: Provide direction to staff.

ACTION: No action taken.

3. WORKER'S COMPENSATION STRATEGY AND INTRODUCTION OF ALLIANT BROKER TEAM MEMBERS:

Jeff Lindeman; Director, Human Resources, provided a presentation on Worker's Compensation Strategy which included Strategy; and Worker's Compensation Goals.

Kevin Bibler and Natalie Cody-Parker, Partners, Alliant Insurance Services, Inc., provided a presentation which included Worker's Compensation – Service Philosophy; Worker's Compensation Strategies for SDCRAA; and Market Place Update.

RECOMMENDATION: Information item only.

4. SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY HEALTH & WELFARE EMPLOYEE BENEFITS RENEWAL STRATEGY FOR JANUARY 1, 2010:

Paul LaBounty; First Vice President, Alliant Insurance, provided a presentation which included Alliant's Public Sector Experience; Legislative Update; Health Care Reform; Impact of Economic Crisis on Use of Health Care; and Cost Trends in Health Care.

Jeff Lindeman; Director, Human Resources, provided a presentation which included an overview of the Authority's Wellness Initiatives; Education and Lifestyle Change; Renewal Process; Plan Comparison/PPO Examples; Recommendation for Authority Funded Plans; Non-Authority Funded Plans, and Summary of Next Steps.

In response to Board Member Desmond regarding how staff planned to fund the renewal cost difference between what is currently budgeted, Mr. Lindeman stated that this is an annualized figure, and that the benefits' year is by calendar year. He stated that the renewal cost difference for the first six months can be accommodated by implementing adjustments in the operating budget for FY2010.

RECOMMENDATION: Direct staff to forward this item to the Board and recommend the approval of the renewal of the employee benefits program(s) for 2010.

ACTION: Moved by Board Member Desmond and seconded by Board Member Boland to recommend that the Board approve Option 1 for the renewal of the Employee Benefits Program(s) for 2010. Motion carried unanimously, noting Board Member Zettel as ABSENT.

7. SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM (SDCERS) ASSET SMOOTHING:

David B. Wescoe, Administrator & CEO, and Mark Hovey, Chief Financial Officer (teleconference), San Diego City Employees' Retirement System, provided a presentation on San Diego City Employees' Retirement System (SDCERS) Asset Smoothing, which included an overview Analysis of Alternative Funding Methodologies; SDCERS Stochastic Probabilities; and SDCERS Net Cash Flows.

In response to Chairperson Watkins regarding when payment would need to be made if the plan is underfunded, Mr. Wescoe stated that the funded ratio would not be known until December, 2009.

RECOMMENDATION: Staff is requesting that the Committee recommend to the Board staff's position on the San Diego City Employees' Retirement System (SDCERS) asset smoothing method.

ACTION: Moved by Board Member Boland and seconded by Board Member Desmond to recommend that the Board approve Asset Smoothing Option 1. Motion carried unanimously, noting Board Member Zettel as ABSENT.

6. SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM (SDCERS) FUNDING LEVEL:

Jeffrey A. Woodson, Vice-President, Administration, provided a presentation on SDCERS Funding Level which included the background, and staff's recommendation.

Board Member Boland recommended that the Board wait until the actuarial numbers are available before making a decision regarding the funding level.

Board Member Smisek suggested that the Authority put aside any budgeted payments in our own investments to have to pay later, if necessary.

Thella F. Bowens, President/CEO, clarified that the Authority has already made its required pension fund payment for the year. She stated that at 88% funded, the fund is in good shape. She stated that it would be prudent at this time to postpone increasing the funding level until the actuarial numbers are available.

RECOMMENDATION: Staff is requesting that the Committee forward this item to the Board and recommend that the Board amend its current required SDCERS funding level.

ACTION: Moved by Board Member Boland and seconded by Board Member Desmond to recommend to the Board that the funding level remain unchanged until the actuarial evaluation is received in December, 2009. Motion carried unanimously, noting Board Member Zettel as ABSENT.

5. UPDATE ON STATUS OF AUTHORITY 2ND GENERATION FUNDING VEHICLE ANALYSIS:

Jeff Lindeman; Director, Human Resources, reported that staff will be providing the Committee a final outline of the analysis for the 2nd Generation Funding Vehicle in November, as planned. He stated that several components are under review at the moment, and that staff is working with Alliant Insurance to explore the various options.

RECOMMENDATION: Information item only.

CLOSED SESSION: The Committee recessed into Closed Session at 12:06 p.m. to discuss items 8 and 9.

8. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
Title: President/CEO, General Counsel, and Chief Auditor

9. CONFERENCE WITH LABOR NEGOTIATORS:
Labor negotiations pursuant to Cal. Gov. Code §54957.6.
Authority Designated Negotiators: Thella F. Bowens, President/CEO and Jeffrey Woodson, Vice President, Administration.
Employee Organization: Teamsters 911.

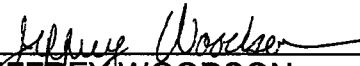
REPORT ON CLOSED SESSION: The Committee reconvened into Open Session at 1:30 p.m. There was no reportable action.

COMMITTEE MEMBER COMMENTS

ADJOURNMENT:


The meeting was adjourned at 1:31 p.m.

APPROVED BY A MOTION OF THE EXECUTIVE PERSONNEL AND
COMPENSATION COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY THIS 16TH DAY OF DECEMBER, 2009.



JEFFREY WOODSON
VICE PRESIDENT, ADMINISTRATION

ATTEST:



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK