

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE
MINUTES
FRIDAY, NOVEMBER 7, 2008
BOARD ROOM**

CALL TO ORDER:

Chairperson Watkins called the special meeting of the Executive Personnel and Compensation Committee to order at 1:32 p.m. Friday, November 7, 2008, 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 Zettel led the pledge of allegiance.

ROLL CALL:

PRESENT: Committee Members: Finnila, Miller, Watkins
 Board Members: Boland, Desmond, Panknin, Zettel

ABSENT: Committee Members: None

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 Member Panknin arrived during the course of the meeting.

PUBLIC COMMENT: None

NEW BUSINESS:

1. **DISCUSSION REGARDING THE SDCERS DROP INTEREST RATE:**
Jeffrey Lindeman, Director, Human Resources, stated that the San Diego City Employees' Retirement System (SDCERS) Board is requesting feedback from the Airport Authority, regarding interest rate adjustments for Deferred Retirement Option Plan (DROP) accounts.

Mr. Lindeman provided a presentation on the DROP Interest Crediting Program which included information on what DROP is; how it is funded; eligibility for DROP; and the upcoming issue to be considered by the SDCERS Board regarding multiple options relating to what interest rate to credit each DROP account.

In response to Board Member Desmond regarding the choices, and costs for the program, Mr. Lindeman stated that staff recommends not to add any other features that would increase the Authority's costs for the plan above current anticipated costs.

In response to Board Member Finnila regarding what the benefit would be for the Authority to sponsor an 8% credit to DROP accounts, Mr. Lindeman stated that there would be no benefit for the Authority, only additional costs, and the only benefit would be for participating employees as their account could possibly receive significant additional credit.

Chairperson Watkins suggested that the Authority continue to be fiscally prudent, and keep the DROP program cost as low as possible.

Thella F. Bowens, President/CEO, suggested that a complete review of the DROP program be presented to the Committee to avoid ambiguity, and to ensure clear understanding of the ramifications and inherent complexities of the program. Ms. Bowens suggested that the Authority consider not providing a guarantee for any specific interest income because it is her opinion that the agency should not be guaranteeing return on investments.

ACTION: Moved by Board Member Finnila and seconded by Board Member Miller to recommend that the Board recommend to the SDCERS Board: 1) an interest rate using the current earned annual rate on the retirement fund; 2) that the Authority participate in the discussions regarding the DROP Account Interest Rate; and 3) to express the Authority's desire to move away from a fixed interest rate. Motion carried unanimously.

In response to Chairperson Watkins' request to provide an informational summary of the DROP program for Board Members prior to the November 13, 2008 Board meeting, Mr. Woodson stated that a memorandum would be sent to Board Members prior to the meeting with the necessary information.

CLOSED SESSION: The Committee recessed into Closed Session at 2:05 p.m. to discuss Item 2.

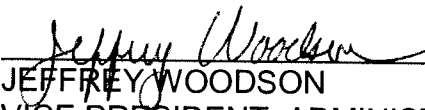
- 2. CONFERENCE WITH LABOR NEGOTIATOR:
(Government Code Section 54957.6)
Authority Negotiators:** Thella F. Bowens, President/CEO and Jeffrey Woodson, Vice President, Administration
Employee Organization: Teamsters 911

REPORT ON CLOSED SESSION: The Committee reconvened into Open Session at 4:09 pm. There was no reportable action.

ADJOURNMENT:

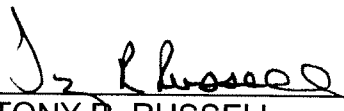
The meeting was adjourned at 4:10 p.m.

APPROVED BY A MOTION OF THE EXECUTIVE PERSONNEL AND
COMPENSATION COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY THIS 16TH DAY OF DECEMBER, 2008.



JEFFREY WOODSON
VICE PRESIDENT, ADMINISTRATION

ATTEST:



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK