

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SPECIAL EXECUTIVE PERSONNEL AND  
COMPENSATION COMMITTEE MEETING  
MINUTES  
TUESDAY, APRIL 20, 2010  
BOARD ROOM**

**CALL TO ORDER:**

Chairperson Desmond called the special meeting of the Executive Personnel and Compensation Committee to order at 9:00 a.m. on Tuesday, April 20, 2010, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

**PLEDGE OF ALLEGIANCE:** Chairperson Desmond led the pledge of allegiance.

**ROLL CALL:**

PRESENT:            Committee Members:    Boland, Cox, Desmond, Smisek  
                         Board Members:           Finnila, Gleason, Panknin

ABSENT:            Committee Members:    None

ALSO PRESENT:    Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel; Linda Gehlken, Assistant Authority Clerk I, Deborah Harrington, Assistant Authority Clerk II (Temporary Meeting Facilitator)

**NON AGENDA PUBLIC COMMENT:** None

**NEW BUSINESS:**

**1.    PROVIDE DIRECTION TO STAFF REGARDING A POLICY TO FUND THE AUTHORITY'S PENSION FUND:**

Jeff Lindeman; Director, Human Resources, provided a presentation regarding the Pension Plan Funding Level that included: Background; Current Pension Funding Level Benchmarks; Potential SDCRAA Funding Levels as of June 30, 2010; Impact of 95% Funding; Impact of 90% Funding; Additional Option; Implications of Additional Option; and Comparison to achieve 95% funding in one year.

Board Member Boland expressed concern regarding changing the funding level to 90%, and encouraged a conservative approach with investment strategy, and looking at this next year. He recommended retaining the funding level at 95%.

Board Member Panknin recommended that the Finance Committee do a thorough analysis of the funding plan, including the timing ramifications relating to placing such a large sum of funds into the plan. He recommended thoroughly scrutinizing all factors, such as the percentage costs of the funding.

Board Member Cox stated that a 90% pension funding level is solid and an exceptional rate, and a 95% funding level is a rarity. He recommended a funding level at 90%, with a goal to get to 95% as a reasonable approach during these uncertain market times.

Board Member Smisek stated that it is important to be flexible and concurred with Board Member Cox. He suggested striving for a 1% incremental improvement each year as a target goal.

Chairperson Desmond stated that he liked having a smoothing option to get to 90%, and 1% increments to 95%.

In response to Chairperson Desmond regarding whether the additional recommendation made by staff to set a 90% threshold with a corresponding schedule to achieve 95% target would increase expense, Jeffrey Woodson; Vice President, Administration, stated that it would likely be at an increased cost; however, he stated that the cost would be determined by the market conditions at the time of implementation.

*Board Member Gleason arrived at the meeting at 9:20 a.m.*

Board Member Boland suggested that the policy regarding this issue should also be revised. He expressed concern that the issue is being complicated more than needed.

Thella F. Bowens, President/CEO, recommended that the policy be revised to state that the funding level be 90%, with the ultimate target goal to be 95%.

Breton Lobner, General Counsel, reported that the funding policy has been set previously on two (2) different occasions by Board resolutions, at 90% and then 95%. He offered to bring back to the Board a redrafted policy with simple revisions specifying a minimum funding of 90%, with a target future goal to achieve, through incremental amounts of 1%, a 95% funding level.

Chairperson Desmond stated he supported a smoothing option.

Board Member Finnila recommended that if a smoothing option was to be considered, the policy language include "an annual 1%" increase.

Board Member Panknin stated he supported simplifying the process by clearly stating in the policy that the minimum pension plan funding level is 90%, and the maximum is 95%. He suggested revisiting the issue on a yearly basis, as needed.

Board Member Smisek stated that a smoothing option would take care of the issue in a more effective way as it would allow the needed flexibility from year to year without large amounts of funds being moved.

**RECOMMENDATION:** Provide direction to staff.

**ACTION: Moved by Board Member Smisek and seconded by Chairperson Desmond to recommend that the Board approve revising the pension funding plan policy to specify funding will be at 90%, with a future target goal of a 95% funding level, through incremental amounts of 1%, per year. Motion carried, with Board Member Boland voting NO.**

#### **NON-AGENDA PUBLIC COMMENT**

##### **COMMITTEE MEMBER COMMENTS:**


Board Member Cox reported that he attended a California State Association Finance Corporation Meeting recently, and that he obtained information regarding bond insurance. He reported that the National League of Cities has embarked on an effort to create "The Insurers' Mutual Bond Assurance Company." He also reported that a proposal is being presented to the Senate Banking Committee to obtain a non-interest loan of \$3 billion for ten years that would allow bond insurance for governmental agencies. He reported that fees would be charged; however, these would be lower than what is being charged by the existing bond insurance companies. He stated that he would be providing a copy of the report to the Committee.

**ADJOURNMENT:** The meeting was adjourned at 9:31a.m.

APPROVED BY A MOTION OF THE EXECUTIVE PERSONNEL AND  
COMPENSATION COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL  
AIRPORT AUTHORITY THIS 19TH DAY OF MAY, 2010.

  
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JEFFREY WOODSON  
VICE PRESIDENT, ADMINISTRATION

ATTEST:

  
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TONY R. RUSSELL  
DIRECTOR, CORPORATE SERVICES/  
AUTHORITY CLERK