



Office of Mayor Jerry Sanders

MEMORANDUM

DATE: July 8, 2008

TO: Chip Owen, Chair, Southeastern Economic Development Corporation

FROM: Mayor Jerry Sanders

SUBJECT: SEDC Compensation Policies and Practices

I have followed the Voice of San Diego's coverage of SEDC and am very concerned about this morning's report regarding possible irregularities in compensation practices. I am now seeking your response to a number of important questions regarding your Board's oversight of compensation policies and practices. I will appreciate your response to the questions included below within the next ten days. I have also forwarded these questions to Macias & Gini and am requesting that they include your responses as part of their final audit report. Please immediately inform me of any questions, concerns or problems you may have with my request.

1. What is the base salary and any additional compensation provided to all SEDC employees over the past five years?
2. How does the Corporation account for and report additional compensation (bonuses, allowances, etc.).
3. Did the Board approve of the "bonuses" awarded to Ms. Smith, Mr. Dayacap and any other employee receiving a bonus payment over the past five years?
4. What is the approval process for such additional compensation.
5. Does the employment contract with Ms. Smith include any provision for bonuses or additional compensation that are paid "automatically" without Board review?
6. If not, what authority has been granted to Ms. Smith or any other employee for making such decisions/payments?
7. Are there any employees with contract provisions for payment of bonuses or additional compensation made "automatically" without Board review?
8. What is the Board's regular process for approving employment contracts and compensation levels?
9. How often does the Board review compensation practices?

Cc: Honorable members of the City Council
Jay Goldstone
Eduardo Luna
Macias & Gini