

REVISED
COMPENSATION COMMITTEE REPORT
MEETING OF
THURSDAY, JUNE 19, 2014 AT 1:30 PM

A regular meeting of the Compensation Committee was convened by Chair Alice Lau, at 1:31 PM, in the Fairway Room at the Creekside Social Building. Call to Order

Present, in addition to the Chair, were Committee members Les Birdsall, Mary Lou Delpech, and Richard Hurley. Also in attendance were Warren Salmons, CEO of GRF; and Judith Perkins, Sr. Manager Human Resources. Anthony W. Grafals, General Counsel and Director of Confidential Services, was excused. Attendance

The revised report of the Committee's meeting held on March 12, 2014 was reviewed and approved by the Committee as presented. Report of
March 12, 2014
Approved

Board of Director members Diane Guilfooy and Geri Pyle were present, as were two residents. Comments were offered by a resident and Director Pyle. Committee members Birdsall and Hurley commented, and Sr. Manager Perkins responded to questions. Residents'
Forum

The Chair welcomed new Committee members Birdsall and Delpech and briefly described her expectations for a productive meeting year, with honest and balanced discussion. Chair's
Welcome

Perkins provided the Committee with a brief overview of the contents and purpose of the Compensation Committee Member Orientation Binder, highlighting various documents included. She then summarized the Compensation Background document, which includes the significant actions taken by the Committee and the Board of Directors in compensation and benefits from 2008 through the end of the 2013-2014 Board year. No actions were requested or taken. New Business
a) Orientation
Binder and
Compensation
Background

Perkins then summarized the preliminary 2015 budget timeline. After a brief discussion regarding appropriate timing of Committee action, the timeline was accepted as presented. b) 2015 Budge
Preparation
Timeline

Perkins then presented a Summary Report requesting the Committee recommend to the Board of Directors that GRF increase the benefits program budget for 2015 by \$87,470. Discussion points included the rationale for budgeting, and a request that staff investigate possible incentives for employees who do not use the Foundation's benefit plan(s), and also provide more detail regarding employee usage of non-health benefits. Following a motion duly made, seconded and discussed, the Committee voted unanimously to approve the recommendation as presented. c) Benefits
Program
Budget
Recommend-
ation

Perkins then presented a Summary Report requesting the Committee recommend the 2015 budget include a pool of money equal to 3% of wages, up to \$118,000, to be used to adjust non-union compensation. Discussion on this topic included d) Non-Union
Compensation
Budget

concerns about who the Foundation competes with for employees; the coupon impact to lower-income residents; employee morale, turnover rates and reasons for leaving the Foundation; and the three- and four-year average of compensation increases compared to the year-over-year increase rate in cost of labor in the San Francisco Bay Area. In addition, Director Hurley expressed some concern that the new members of the Committee might prefer more time to consider this matter before voting. Both Director Birdsall and Director Delpech declared themselves comfortable with making a decision at this meeting. Following a motion duly made, seconded and discussed, the Committee voted 3-1, Director Hurley voting nay, to approve the recommendation as presented.

Recommendation

The final Summary Report presented by Perkins requested the Committee recommend the 2015 budget include a pool of money to allow for a 2015 salary increase and/or a 2015 bonus for the Chief Executive Officer. Perkins was asked to offer a range as a starting point for discussion, and suggested the Committee consider a pool of \$30,000 - \$40,000. Discussion points included an explanation of how these actions (salary increase and/or bonus) would be determined, as well as some concerns regarding potential costs given that the current CEO will retire in late November and the potential of overlap with the new CEO. Director Hurley suggested the Committee need not make this decision immediately; however after a motion duly made, seconded and discussed, the Committee voted 3-1, Director Hurley voting nay, to recommend to the Board of Directors that a pool of \$30,000 be included in the 2015 budget to allow for a 2015 salary increase and/or a 2015 bonus for the CEO.

e) CEO Compensation Budget Recommendation

Due to schedule conflicts, the next meeting of the Compensation Committee is scheduled for 1:30 p.m. on Friday, July 18, in the Board Room at the Gateway Administration Building.

Next Meeting Date

The meeting was adjourned at 3:03 pm.

Adjournment



Alice Lau, Chair
Compensation Committee

JP/m