

COMPENSATION COMMITTEE REPORT  
MEETING OF  
WEDNESDAY, MARCH 12, AT 9:00 AM

A regular meeting of the Compensation Committee was convened by Chair Alice Lau, at 9:00 am, in the Board Room at the Gateway complex.

Call to Order

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

Attendance

The revised report of the Committee's meeting held on November 14, 2014 was reviewed and approved by the Committee as revised. The report of the Committee's meeting held on February 11, 2015 was approved for content and a correction of the time of the March meeting requested.

Report of  
DATE 2014  
Approved

One resident, Directory Pyle, was present, and offered no general comments.

Residents'  
Forum

Staff reported on the current status of the Total Compensation Statements, and samples of completed reports were shared with the Committee members. The Committee and staff discussed the nature and scope of the issues encountered in developing these statements.

Staff Reports  
a) Total  
Compensation  
Statements

It was agreed that although this pilot effort had an extraordinary number of problems, the statements represent a valuable piece of information that employees should receive annually. Staff commented that a different vendor will be used for future statements, in the hopes of avoiding at least some of the issues encountered with the present vendor.

Suggestions for future statements include adding additional information regarding the Foundation's contributions to the defined benefit and 401(k) plans, as well as including information regarding employee benefit contribution costs. The CEO letter on the cover of the statements will be revised to reflect this information when the revised statements are distributed to employees, anticipated to be the week of March 16.

The Committee then reviewed a staff report regarding the current CEO compensation package, as well 2014 market information for CEO compensation. The data presented reflected survey information reported to 2 annual surveys in which the Foundation participates. The surveys focus primarily on cash compensation, both fixed (salary) and variable (typically bonus) as benefit information is extremely dependent on multiple variables and therefore very difficult to quantify and compare.

b) CEO Total  
Compensation  
Data

In discussing non-cash components of the CEO compensation package, it was pointed out the Board can negotiate on a number of elements (for example, annual

Compensation Committee  
March 12, 2015

vacation accrual; Foundation-owned vehicle vs. car allowance), while other elements such as medical benefit plans, or 401(k) contributions or matching percentages, cannot be negotiated without violating ERISA. To further support this discussion, staff will request a benefits comparison from Willis, our benefits broker.


After discussion, the Committee requested a copy of the CEO's total compensation statement be provided to the Committee and Board, as it will provide a baseline (2014 data) for evaluating the cash value of the benefits provided. The Committee may also consider possible base compensation ranges for the next CEO, as well as the impact of other highly paid employees on the CEO pay range. Given the cancellation of the management bonus program, the Committee may also want to discuss whether or not a bonus should be offered to the CEO, and if so, the criteria for earning a bonus, and the maximum amount to be offered.

The next meeting of the Compensation Committee will be at 1:30 p.m. on Wednesday, April 8, 2015, in the Board Room at the Gateway Administration Building.

Next Meeting

The meeting was adjourned at 10:20 AM.

Adjournment



Alice Lau, Chair  
Compensation Committee

JP/m