

# REVISED

## COMPENSATION COMMITTEE REPORT MEETING OF WEDNESDAY, MARCH 12, 2014, AT 1:30 PM

A regular meeting of the Compensation Committee was convened by Chair Ken Haley, at 1:30 PM, in the Board Room at the Gateway complex.

Call to Order

Present, in addition to the Chair, were Committee members Jim Giffin, Richard Hurley and Alice Lau. 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 report of the Committee's meeting held on February 12, 2014, was reviewed and approved by the Committee as presented. It was also agreed that Director Hurley's email of 3/7/14 be appended to the minutes of the March 12, 2014 meeting.

Report of  
February 12,  
2013 Approver

Three members of the Board of Directors, Don Liddle, Diane Guilfooy, and Geri Pyle, were present at the beginning of the meeting, as were four residents, senior staff members Rick Chakoff and Paulette Jones, and manager Chris Preminger. No comments were offered.

Residents'  
Forum

The staff report was introduced with comments by Chair Haley and General Council Grafals. It was agreed that the Committee would first discuss how to distribute the bonus monies and then discuss implementation of that decision.

Staff Report

A discussion ensued regarding the bonus plan discontinuation proposal recommended by staff, the original 50% bonus adjustment program suggested by CEO Salmons at the 2014 Budget review meeting in September, 2013, and the concerns expressed by the Compensation Committee members at the December 10, 2013, and February 12, 2014, meetings regarding bonus disparities. Grafals provided a review of the results of the external consultant's total compensation report from 2011. The savings to the GRF operating budget due to reductions in employee compensation was also discussed, as were potential future issues with compensation range caps.

The bonus plan discontinuation proposal recommended by staff reduces potential costs to the GRF operating budget by approximately \$29,000, including estimated payroll-related costs. This proposal also reduces the costs borne by the MOD management fee by approximately \$10,250, including estimated payroll-related costs. The monies added to salaries under this proposal represent an ongoing cost.

Following a motion duly made, seconded, and discussed, the Committee voted 3 to 1, with Director Hurley voting nay, to recommend to the Board of Directors that the current bonus program be ended and that a portion of the maximum bonus amount

Compensation Committee  
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be added to the employees' salary. The amount to be added ranges from 100% of the maximum bonus amount for the lowest pay groups to 50% for the top pay group.

The focus then moved to an implementation date. A motion was made and seconded to implement the program effective January 1, 2015. After a discussion of the pros and cons, the vote was called, and the motion passed 3 to 1, with Director Hurley voting nay.

The regularly scheduled Compensation Committee meeting of April 9, 2014, was cancelled, pending possible Board action requiring Committee action.

Next Meeting

The meeting was adjourned at 2:35 pm.

Adjournment

  
Kenneth Haley, Chair  
Compensation Committee

JP/m

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## Requested Action regarding bonuses

From: **Richard Hurley**

Sent: Fri 3/07/14 3:41 PM

To: [jperkins@rossmoor.com](mailto:jperkins@rossmoor.com) ([jperkins@rossmoor.com](mailto:jperkins@rossmoor.com));

[wsalmons@rossmoor.com](mailto:wsalmons@rossmoor.com) ([wsalmons@rossmoor.com](mailto:wsalmons@rossmoor.com)); [agrafals@rossmoor.com](mailto:agrafals@rossmoor.com)  
([agrafals@rossmoor.com](mailto:agrafals@rossmoor.com))

Good afternoon;

What was voted on at the last comp committee meeting, with a 3 to 0 majority, according to my recollection and also according to the minutes for the Feb. 12th meeting, is adding one-half the maximum current bonus amount to the employee annual salary as a one-time event, thus ending the bonus program.

The requested action that we have here is not what a majority of the Compensation Committee voted on but rather is a plan developed by staff. If staff wishes to make a separate presentation to the Board, and negotiate regarding the bonus program, that is certainly their right to do so.

I do not agree with the characterization in the minutes as to what we directed the staff to do. What was clear is that staff was asked to give detail as to how this 50% deduction in the bonus for 2014 would be worked out. There was no direction whatever to develop a whole new set of alternatives which is what this plan does.

Warren and Judith were out of the office Friday and I will be away on Monday.

I insist that these minutes and all of the items under Requested Action be withdrawn and rewritten to reflect what actually took place on February 12th. I can only hope that my colleagues will see this as I do.

Thank you.

R.Hurley