

COMPENSATION COMMITTEE REPORT  
MEETING OF  
WEDNESDAY, JULY 20, 2016, AT 1:30 PM

A regular meeting of the Compensation Committee was convened by Chair Les Birdsall, at 1:36 PM, in the Board Room at the Gateway complex.

Call to Order

Present, in addition to the Chair, were Committee members Sue Adams and Mel Fredlund. Also in attendance were Tim O'Keefe, CEO of GRF; Anthony W. Grafals, General Counsel and Director of Confidential Services, Rick Chakoff, Chief Financial Officer, and Judith Perkins, Sr. Manager Human Resources.

Attendance

The report of the Committee's meeting held on June 8, 2016 was reviewed and approved by the Committee as presented.

Report of  
July 8, 2016  
Approved

Directors Brown and Delpech were in attendance. Director Brown voiced a concern regarding the way in which Fitness Trainers are compensated for personal and group training and asked that this be considered at some time in the future.

Residents'  
Forum

Perkins distributed revised copies of 2016 Compensation Study Executive Summary and the Compensation Background, to replace those pages in the Compensation Committee Resource Manual. Chakoff advised the Committee that the numbers on page 11 of the GRF Compensation History (Excluding MOD) are budgeted numbers, and explained how the numbers were derived.

Old Business:  
a) Revised  
Resource  
Pages

Chairman Birdsall offered some comments as a prelude to the New Business portion of the agenda, saying that the Staff Report was very helpful in helping him understand the pay bands and structure. He also stated that he had understood the Compensation Study would be undertaken before the budgeting process, and was disappointed that we would not have current market data to use when determining increases in the wages line item. He closed by stating that his goal for the Committee was to develop a compensation package that didn't take anything away from employees, and to do so, he needed to understand how some employees came to be below the floor or above the cap for their compensation band.

Perkins introduced the Staff Report, which explained the levels, families, floors and caps used in the Compensation Management Structure (CMS). The ensuing discussion covered the history of the original compensation study as well as how some employees ended out of band. Key points included understanding that the CMS is an internal structure for managing compensation, based on the various jobs; the linkage of the floors and caps to the external market; movement of the market and the resulting adjustment (usually in November) of bands to reflect market changes; that Board-approved wage adjustments are used to recognize employee performance, growth of skills, and value to the organization.

New Business  
a) Staff Report  
Compensation  
Management  
Structure

Perkins reviewed the rate increase ranges received from the benefits brokerage; these are early quotes, and typically the Foundation sees some downward movement in the final quote, particularly in the medical insurance premium. It was pointed out that the recommendation was based on current employee enrollment,

b) Non-Union  
Health and  
Welfare  
Benefits

Compensation Committee  
July 20, 2016

and that 2017 enrollment could be different. After a motion duly made, seconded, and discussed the Committee voted unanimously to recommend to the Board of Directors that the 2017 budget reflect an increase of \$135,000 for non-represented health and welfare benefits.

Grafals reviewed the Summary Report, explaining the difference between an index-based compensation practice (i.e., using the Consumer Price Index to determine the amount of wage increase) versus a managed compensation practice (which determines the amount of wage increase based on market factors and competitive positioning). The ensuing discussion included a review of historical CPI rates, Staff recommendations, and Board-approved changes. After a motion duly made, seconded, and discussed, the Committee voted unanimously to recommend to the Board of Directors that the 2017 budget reflect an increase of \$140,000 for non-represented wages.

c) Non-Union  
Wage  
Adjustment

Perkins introduced a Summary Report recommending an increase in the 2017 budget wage line for the CEO, as the CEO's compensation has historically lagged the market. After a motion duly made, seconded, and discussed, the Committee voted unanimously to recommend to the Board of Directors that the 2017 budget reflect an increase of \$27,600 for the CEO compensation line item.

d) CEO  
Compensation  
Adjustment

Grafals reviewed the Summary Report, explaining the evolution of the Collective Bargaining Agreement and the Foundation's contractual obligations for wage increases, health and welfare contributions and pension contributions. After a motion duly made, seconded, and discussed, the Committee voted unanimously to recommend to the Board of Directors that the 2017 budget reflect an increase of \$150,000 for increases in Union costs.

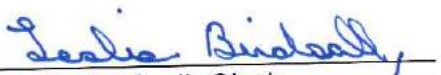
e) Union Cost  
Increases

The next meeting of the Compensation Committee is scheduled for Wednesday, August 10, 2016, at 1:30 pm in the Board Room at the Gateway Complex.

Next Meeting

The meeting was adjourned at 3:04 pm.

Adjournment

  
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Leslie Birdsall, Chair  
Compensation Committee PS

JP/m