



**SAIF CORPORATION**  
**BOARD OF DIRECTORS**  
**COMPENSATION COMMITTEE**

**Wednesday**  
**January 15, 2014**  
**12:00 noon**

**SAIF Corporation**  
**400 High Street SE**  
**Salem, Oregon**

The meeting was called to order at 12:02 p.m.

**Roll Call:**

Robb Van Cleave (via phone)  
Krishna Balasubramani (via phone)

**SAIF Corporation Personnel Present:**

Ryan Fleming, Vice President of Operations and Human Resources  
Jen Coney, Human Resources Director  
Kellie Lute, Assistant to the Board

**CEO Performance Review Discussion**

Robb Van Cleave outlined the timeline for the President and CEO performance evaluation and compensation review process. Board members submitted their reviews to Mr. Van Cleave on January 3, 2014. He reported that Brenda Rocklin's performance was rated by the five board members individually as "Exceptional" in all categories, and individually as "Exceptional" in the Overall category. Mr. Van Cleave will submit a memo to the board, and Ms. Rocklin, at the January board meeting. The memo will include the board members' individual reviews.

**CEO Compensation Review**

Mr. Fleming reviewed the process used to determine CEO compensation. He reported that the compensation may be a little different this year since Ms. Rocklin has announced that she is stepping down and retiring at the end of February after a distinguished career at SAIF and in state government. Therefore, the board may consider a new base salary amount for Ms. Rocklin for January and February of this year instead of all of 2014. The board also needs to determine, as it does each year, a lump sum payoff for her performance for 2013. It is also appropriate to consider including the additional months of January and February 2014 in that lump sum payoff.

To provide market data for the compensation committee's consideration, Mr. Fleming provided the committee with three reference documents. The first document, President and CEO 2013 Salary Survey and Market Data, contains information from three sources: the Milliman 2013 Northwest Executive Survey, the PCI 2013 Executive Compensation Survey, and American Associates of State Compensation Insurance Funds (AASCIF) Executive data from 2012. The market data in this document shows that Ms. Rocklin continues to be compensated at less than the market rate for similar positions.

The second document, CEO Salary History 1999-2013, lists the SAIF CEO's annual salary over the past 15 years. Ms. Rocklin's base salary was lower than the previous CEO's salary for many years, and has remained at \$294,350 since 2010. In addition, the board hired SAIF's new CEO at \$320,000 base salary per year to start.

Mr. Fleming reminded the committee that Ms. Rocklin has requested that the board not increase her base salary for the past four years, particularly during the economic downturn. The board has treated her base salary amount as being at the maximum of the range and awarded her a lump sum amount. Mr. Fleming noted that if an employee is below the maximum of their salary range, the focal point percentage they qualify for is applied to an increase in their base pay up to the maximum range. When an employee reaches the maximum of the range, the focal point percentage is provided in a one-time lump sum payment.

The third document, President/CEO Focal Point 2014, is a list of possible lump sum award amounts for 2013. SAIF continues to use a five level performance rating system for all employees, with each level tied to a related focal point percentage that is determined each year. The five categories and their corresponding focal point percentages for 2014 are:

- Exceptional – 12 percent
- Surpasses Expectations – 8 to 10 percent
- Achieves Expectations – 4 to 6 percent
- Needs Development – 0 or 2 percent
- Not Meeting Expectations – 0 percent

Mr. Fleming said that over the past several years, the board has discussed revisiting Ms. Rocklin's salary later in the year based on corporate results, but that opportunity has not ever arisen. He pointed out that the third document lists percentages above 12 percent. These percentage amounts are provided should the committee want to consider amounts above the employee guidelines in light of the fact of that Ms. Rocklin has stayed on approximately five months longer than she anticipated to assist with the CEO transition, and the corporation's business results during 2013. Mr. Fleming said some of those 2013 results include:

- Record sales of \$37M
- Other States Coverage premium in force at \$11.1M
- Record EAIP reimbursements at \$11.7M
- Record retention by policy count at 99.79 percent
- Record SAIF minority employee represented at 13.3 percent

The committee members discussed the data provided, as well as the option of awarding a lump sum award beyond the focal point guidelines. Mr. Van Cleave stated that the compensation committee has always stayed within the employee guidelines for focal point awards, and should continue to do so.

Based on their discussion, the committee agreed to recommend that the board approve an "Exceptional" rating for Ms. Rocklin, within the focal point guidelines where a 12 percent lump sum payment would be \$35,330.

However, Mr. Van Cleave added that based on SAIF's record accomplishments in 2013, and the fact that Ms. Rocklin agreed to stay on for an additional five months to assist with the transition of the new CEO, it would be appropriate for the full board to have a discussion

above and beyond that recognition. He noted that while Ms. Rocklin is underpaid by any comparable measure, and that she has refused increases to her pay in the past, the board should stay away from having the additional consideration appear as a going away present. Mr. Van Cleave said that the board would not think of it that way, and reiterated that the board's consideration should be connected to Ms. Rocklin's additional months of service and the corporation's outstanding 2013 results.

Mr. Balasubramani agreed, and summarized that the board may want to discuss a separate consideration based on variety of factors that included:

- Her agreeing to stay on the additional five months that were critical to a smooth transition for SAIF's new CEO;
- The record accomplishments of the corporation in 2013;
- The two additional months in 2014 that are not included in the review period; and,
- That the 12 percent lump sum award for 2013 would have been higher if Ms. Rocklin had taken modest increases over the past three years, or if the board had had the opportunity to revisit her salary as they had discussed.

#### **Committee recommendation**

Motion Mr. Van Cleave, second Mr. Balasubramani, to recommend to the full board that Ms. Rocklin's performance be rated as "Exceptional" and that she receive a lump sum award of \$35,330 which represents a 12 percent lump sum. Mr. Van Cleave included in this motion a recommendation that the board consider an award above and beyond the 12 percent lump sum amount to recognize Ms. Rocklin's extended service, the record results for 2013, and the fact that there will not be a lump sum awarded for her time with SAIF in 2014. The vote was unanimous, and the motion was carried.

There being no further business, the meeting was adjourned at 12:22 p.m.

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Kellie Lute, Executive Assistant to the Board