



SAIF CORPORATION

BOARD OF DIRECTORS

**Wednesday
December 9, 2020
10:00 a.m.**

**SAIF Corporation
400 SE High St.
Salem, Oregon**

After determining a quorum was present, the meeting was called to order at 10:02 a.m.

Roll call:

John Mohlis, Chair

Remote:

Krishna Balasubramani, Vice Chair

Maurice Rahming

Jeff Stone

Jenny Ulum

SAIF Corporation personnel present onsite:

Kerry Barnett, President and CEO

Kelly Carriger, Assistant to the Board

SAIF Corporation personnel present virtually:

Bill Barr, Chief Operating Officer

Ken Collins, Vice President of Information Services and Chief Information Officer

Chris Vrontakis, Vice President of Policyholder Services

Laura Robison, Vice President of Actuarial, Audit, and Underwriting Services

Gina Manley, Vice President of Finance and Chief Financial Officer

Kathy Gehring, Vice President of Claims

Holly O'Dell, Vice President of Legal and Strategic Services

Christy Witzke, Vice President of Marketing, Sales, and Communications

Ian Williams, Vice President of Human Resources

Holly Tindall, Administrative Services Division Director

David Barenberg, Government Relations Director

Brittney Farnsworth, Executive Assistant

Approval of Board minutes

Motion, Ms. Ulum, second Mr. Stone to approve the minutes of the November 10, 2020 meeting. The vote was unanimous, and the motion was carried.

2021 budget

Referring to materials provided in advance of the meeting, Ms. Manley reported that SAIF is proposing an operating budget of \$230.8 million for 2021. This is an increase of \$2.8 million or 1.2 percent from the 2020 operating budget. When the omitted 1 percent company incentive is added to the 2020 budget, the increase is \$1.8 million or 0.8

percent. Ms. Manley reviewed the details of employee costs (\$142.5 million), commissions (\$30.8 million), facilities and equipment (\$24.6 million), and other budget drivers. SAIF is also proposing a capital budget of \$13.2 million, consisting of \$9.9 million for the claims system replacement, \$2.2 million for other technology projects, \$1.0 million for computer and network hardware, and \$64,000 for vehicles. The proposed 2021 budget is in alignment with our strategic plan.

Mr. Mohlis and Mr. Balasubramani expressed their appreciation for the work to prepare the budget and the easy to understand presentation.

Upon motion made by Mr. Balasubramani, seconded by Mr. Rahming, the 2021 operating and capital budgets were unanimously approved.

President's report

Mr. Barnett reported that SAIF has reached its 2020 new sales goal of \$18 million. This is a tremendous accomplishment when you consider everything that has occurred this year. SAIF recently completed a pay equity study based on race and gender of SAIF employees with Market Pay. SAIF's .971 correlation factor is the highest Market Pay has seen in a client.

Policyholder training increased 27 percent this year. SAIF provided the State of Oregon with online ergonomic training that 10,000 employees will complete. The utilization of saif.com resources has risen by 20,000 since March.

SAIF's visibility is increasing through its advertising campaign, sponsored media content focusing on safety, and the 2021 calendar. As previously reported, SAIF placed second in our division of the Portland Business Journal's healthiest employer awards. This award rolls up to a national healthiest employer competition where SAIF took 17th place out of 1000 employers. In a recent agent survey, SAIF scored 9.3 out of 10, which is 2.2 points higher than the next competitor.

Mr. Mohlis expressed his thanks to all for achieving this impressive score.

CEO search process and planning

Mr. Barnett spoke to the Directors about his and Mr. Barr's upcoming retirement. He is confident SAIF is in a strong, stable position and will transition to new leadership in a smooth and thoughtful manner.

Mr. Mohlis updated the board on his, Ms. Ulum, and Mr. Williams's efforts to identify agency partner candidates. Mr. Williams reported on the process used to identify these potential partners and the specific experience and attributes on which they were graded. Karras Consulting was the highest-scoring firm.

During an extensive conversation, the board spoke about their prior experience working with Karras Consulting, their expectations of a search agency, and the diverse range of experience and qualifications they would like to see in candidates for this position. Mr. Mohlis stated this will be an open and transparent recruitment, and the board will look for input from leadership, staff, and stakeholders.

Upon motion made by Ms. Ulum, seconded by Mr. Balasubramani, the board unanimously approved the selection of Karras Consulting as SAIF's search agency partner.

Project Portfolio

Mr. Barr reported on the addition of the human resource system replacement project to the enterprise portfolio timeline. He will provide detail on the project scope, schedule, and budget at the March board meeting. The finance and procurement system implementation project is scheduled to go live on January 1.

Scorecard

Mr. Barr reminded the board of the scorecard's purpose and the decision-making process for each measure. The 17 measures of the 2020 scorecard will remain in place for 2021, updating targets where appropriate. For the 2021 company incentive measures, management is proposing the same measures used in 2020: (1) loss ratio: paid claims to standard premium, (2) timely first benefit payment to injured workers, (3) percent of injured workers with 60 days or less of temporary total disability, (4) response to phishing attacks, and (5) competitive retention. Two of these measures have updated targets.

Motion Mr. Stone, second Mr. Rahming, to approve the 2021 company incentive measures and targets as presented. The vote was unanimous, and the motion was carried.

Mr. Barr gave a brief report on how SAIF employees have adapted to doing their work during the pandemic. On average, there are 50 employees onsite each day. All others continue to work remotely. Many services, including policyholder safety services, premium audit, and those of the SAIF clinic, have shifted to mostly virtual formats. SAIF is staying focused on future service delivery, looking to identify innovative ways to serve our policyholders once the pandemic has passed.

Board Audit Committee report

Mr. Rahming reported the Audit Committee met prior to the board meeting and reviewed the internal audit report and risk assessment. The committee approved the 2021 internal audit plan and modifications to the 2020 internal audit plan.


There being no further business, the board moved into executive session at 12:14 p.m.

EXECUTIVE SESSION

The board declared this portion of the meeting to be in Executive Session, pursuant to ORS 192.660(f).

Adjournment

The executive session ended at 12:26 p.m., and the regular business session was adjourned.


Kelly Carriger, Assistant to the Board