

- **Board of Directors**

July 10, 2001 Board Meeting

12-2

Subject

Ratify pay-for-performance for Chief Executive Officer and General Counsel

Description

On June 26, 2001 the Executive Committee reviewed and has recommended a final evaluation rating and incentive pay schedule for the Chief Executive Officer and General Counsel (See attached).

The Legal, Claims and Personnel Committee recommended for the Executive Committee's review a performance rating and compensation recommendation. The Executive Committee reviewed and discussed the recommendation and has determined that the General Counsel has performed at an "above expectations" level and has earned the full support of the Board. It is also the recommendation of the Executive Committee to award the General Counsel a 5 percent salary increase and a pay-for-performance payment of \$5,000 (see [Attachment 1](#)). The General Counsel flat salary rate of \$167,500 increases by \$8,375 to total \$175,875.

In the evaluation by the Executive Committee, it was determined the Chief Executive Officer performed at an "above expectations" level and has earned the full support of the Board. It is also the recommendation of the Executive Committee to award the Chief Executive Officer a 7½ percent salary increase and a pay-for-performance payment of \$20,000 (see [Attachment 2](#)). The CEO flat salary rate of \$200,000 increases by \$15,000 to total \$215,000.

At this time the Board may approve, reject, or modify the Executive Committee's recommendation.

Policy

Department Head Evaluation and Compensation

Board Options/Fiscal Impacts

Option #1

Approve as recommended by Executive Committee

Fiscal Impact: \$8,375 salary increase and \$5,000 pay-for-performance for the General Counsel
\$15,000 salary increase and \$20,000 pay-for-performance for the Chief Executive Officer

Option #2

Modify as recommended by Executive Committee


Option #3

Reject recommendation of Executive Committee

Committee Recommendation

Option #1

Approve as recommended by Executive Committee



Phillip Pace
Chairman of the Board

7/2/2001
Date

BLA #1232

Attachment 1 - Performance Rating and Compensation Recommendation for General Counsel

Attachment 2 - Performance Rating and Compensation Recommendation for CEO



June 26, 2001

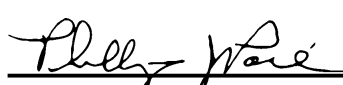
Performance Rating and Compensation Recommendation

Department Head Name:	Roderick E. Walston
Title:	General Counsel
Recommended Evaluation Rating:	Above Expectations
Recommended Pay-for-Performance Pay:	5 percent salary increase \$5,000 pay-for-performance payment

Committee's Findings:

The Legal, Claims and Personnel Committee recommended for the Executive Committee's review a performance rating and compensation recommendation. The Executive Committee reviewed and discussed the recommendation and has determined that the General Counsel has performed at an "above expectations" level and has earned the full support of the Board. It is also the recommendation of the Executive Committee to award the General Counsel a 5 percent salary increase and a pay-for-performance payment of \$5,000

Recommendation Approved By:



*Phillip J. Pace,
Chairman of the Board*
*7/2/2001
Date*



June 26, 2001

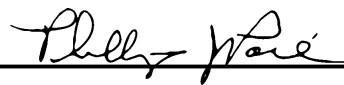
Performance Rating and Compensation Recommendation

Department Head Name:	Ronald R. Gastelum
Title:	Chief Executive Officer
Recommended Evaluation Rating:	Above Expectations
Recommended compensation and Pay-for-Performance payment:	7½ percent salary increase \$20,000 pay-for-performance

Committee's Findings:

In the evaluation by the Executive Committee, it was determined the Chief Executive Officer performed at an "above expectations" level and has earned the full support of the Board. It is also the recommendation of the Executive Committee to award the Chief Executive Officer a 7½ percent salary increase and a pay-for-performance payment of \$20,000.

Recommendation Approved By:

 <hr style="width: 100%;"/> <p><i>Phillip J. Pace, Chairman of the Board</i></p>	<p>7/2/2001</p> <hr style="width: 100%;"/> <p><i>Date</i></p>
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