



**BOARD OF DIRECTORS**

**RATIFICATION OF PRESIDENT'S DEFERRED COMPENSATION PLAN**

WHEREAS, the State Fund Board of Directors is vested with full power, authority and jurisdiction over State Fund and may perform all acts necessary or convenient in the exercise of any power, authority or jurisdiction over State Fund, as fully and completely as the governing body of a private insurance carrier; and

WHEREAS, the Board of State Fund is vested with the authority to appoint the President and set the salary for that position; and

WHEREAS, private insurance carriers utilize deferred compensation programs to retain top talent by recognizing exceptional management and executive level contributions and achievements; and

WHEREAS, State Fund must be able to attract and retain top management and executive level employees with needed leadership, skills, experiences, and other superior qualifications, and reward those employees for attaining challenging goals in furtherance of State Fund's strategic plans and objectives; and

WHEREAS, the Board previously approved an annual compensation package for President & Chief Executive Officer Vernon Lee Steiner including an annual base salary, an at-risk differential based upon an annual evaluation of enterprise and individual performance conducted by the Board of Directors ("Board") and a retention differential; and

WHEREAS, in recognition of Mr. Steiner's highly effective leadership, the Board adopted and approved the establishment of a deferred compensation program for Mr. Steiner with an effective date of January 1, 2018, to include an annual interest rate factor on annual deferred amounts, to provide for appropriate mechanisms for payment upon the President and CEO's separation unless that separation is voluntary, and to include an appropriate mechanism to compensate the President and CEO for payroll taxes assessed against deferred compensation when paid out; and

WHEREAS, the Board approved and adopted the establishment of a Long-Term Incentive Program for the President and CEO, with an effective date of January 1, 2018, including an annual target award of 10% of Base Compensation and the recruiting and retention differential starting in 2018 with the payment of awards, if any, over a three year period, and that any awards provided through the Long-Term Incentive Program shall be subject to the Board's discretion based on individual and enterprise performance; and

WHEREAS, the Board authorized the Chair of the Board of Directors to execute and deliver on behalf of the Board of Directors any such agreements, instruments, certificates and other documents, to effectuate the Board's Resolutions.

**Resolution No. 2168**

NOW, THEREFORE,

IT IS RESOLVED that the Board hereby ratifies and approves the addendum to Mr. Steiner's employment agreement implementing a deferred compensation program and a Long-Term Incentive Program, as executed by Mr. Steiner and the Chair of the Board of Directors, with an effective date of January 1, 2018;

IT IS FURTHER RESOLVED, that the Board of Directors hereby ratifies and approves all actions taken by the Chair of the Board of Directors of the State Compensation Insurance Fund as were necessary to effectuate the addendum to Mr. Steiner's employment agreement.

PASSED AND ADOPTED at the meeting of the Board of Directors of the State Compensation Insurance Fund held on this 15<sup>th</sup> day of August, 2018 by the following vote:

MEMBER

VOTE

Sheryl A. Chalupa, Chair  
Robin L. Baker  
Daniel M. Curtin  
Marvin P. Kropke  
Sen. Michael J. Machado (Ret.)  
Lawrence E. Mulryan  
Jack L. Neureuter  
Steven L. Rank  
Thomas E. Rankin  
Scott K. Reid  
William M. Zachry

BOARD OF DIRECTORS OF THE STATE COMPENSATION INSURANCE FUND