

RESOLUTION 17-02

RESOLUTION AUTHORIZING CONTRACT
WITH OUTSIDE ADVISOR TO PERFORM
SURVEY OF KEY EXEMPT STAFF
SALARY STRUCTURE

WHEREAS, on January 1, 2007, amendments to Health & Safety Code section 50909 became effective, directing the Board of Directors of the California Housing Finance Agency (the "Board of Directors") to establish salaries for key exempt managers; and

WHEREAS, on January 18, 2007, the Board adopted Resolution 07-06, establishing salary ranges for key exempt management positions as an aid in setting specific salaries; and

WHEREAS, on March 8, 2007, the Board adopted Resolution 07-10, setting the salary ranges for key exempt management positions as set forth herein as **Attachment A**, and

WHEREAS, no general salary increase or adjustments in those salary ranges has been contemplated by the committee or board since their implementation in 2007; and

WHEREAS, Health and Safety Code section 50912.5 provides for the employment by the Agency of a Director of Enterprise Management and Compliance; and

WHEREAS, it is necessary to set a salary range for the position of Director of Enterprise Management before steps can be taken to fill the position; and

WHEREAS, the Executive Evaluation Committee met on December 14, 2016 to review the structure and level of compensation for key exempt management staff for the purpose of making a recommendation to the Board of Directors regarding same; and

WHEREAS, the Board of Directors has received and considered the Executive Evaluation Committee's recommendation that the Agency enter into a contract with Willis Towers Watson consistent with the proposal and scope of work set forth herein as **Attachment 1**.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. The Board of Directors adopts the recommendation of the Executive Evaluation Committee hereby authorizing and directing the Executive Director and her designees to enter into final negotiations of the terms of a contract with Willis Towers Watson consistent with the proposal and scope of work set forth herein as **Attachment 1** in an amount not to exceed \$50,000 and thereafter execute said contract on behalf of the Agency.

2. Willis Towers Watson is to work with the Executive Director, her designees and the Executive Evaluation Committee to assist the Executive Evaluation Committee in making its recommendations to the Board of Directors in setting the salary range and compensation for the position of Director of Enterprise Risk Management and Compliance and review the structure and level of Agency compensation of its key exempt management staff whose salaries are established by the Board pursuant to Health and Safety Code section 50909.

SECRETARY'S CERTIFICATE

I, Thomas O. Freeburger, the undersigned, Acting Secretary of the Board of Directors of the California Housing Finance Agency, hereby certify that the foregoing is a full, true, and correct copy of Resolution No. 17-02 duly adopted at the meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 17th day of January, 2017, of which meeting all said directors had due notice; and that at said meeting said Resolution was adopted by the following vote:

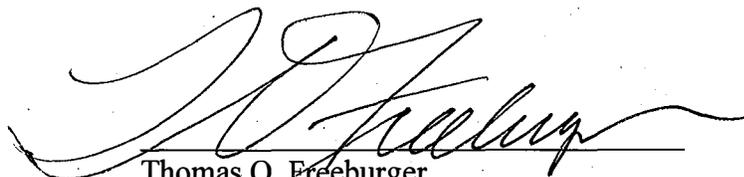
AYES: AVILA FARIAS, SCHAEFER (for Chiang), GALLAGHER, GUNN (for Imbasciani), GUNNING, HUNTER, METCALF, WILLIAMS (for Podesta), SOTELO, RUSSELL, FALK

NOES: NONE

ABSTENTIONS: NONE

ABSENT: JOHNSON-HALL, PRINCE

IN WITNESS WHEREOF, I have executed this certificate hereto this 17th day of January 2017.



Thomas O. Freeburger
Acting Secretary of the Board of Directors of the
California Housing Finance Agency

Attachment A to Board Resolution 17-02 (Contract Survey)

CalHFA Class Title	Current Salary Range Monthly		Position Status
	Min.	Max.	
Director of Enterprise Risk Management	TBD	TBD	Vacant
Executive Director	\$12,500	\$17,500	
Director of Multifamily Programs	\$11,667	\$17,500	
Director of Financing	\$11,524	\$15,833	
Chief Deputy Director	\$11,522	\$15,833	
Director of Homeownership	\$10,333	\$14,167	Vacant
General Counsel	\$10,833	\$14,167	Vacant
Director of Legislation and Mortgage Assistance	\$11,458	\$14,167	
Chief Information Officer	\$8,333	\$11,458	
Financing Risk Manager	\$8,333	\$11,458	Vacant
Assistant Deputy Director of Homeless Policy	\$7,616	\$8,484	Vacant

December 30, 2016

Victor J. James, II
General Counsel and Administrator of Human Resources
California Housing Finance Agency
P.O. Box 4034 - MS1440
Sacramento, CA 95812-4034

Dear Victor:

The California Housing Finance Agency (“CalHFA” or “you”) has requested the Willis Towers Watson entity (“WTW”, “we”, or “us”) to assist with review of the compensation ranges established by the Compensation Committee in 2006 for key managers. We are happy to provide this Statement of Work summarizing our proposed approach, deliverables and fees.

This letter includes our understanding of your objectives, our approach to the work, a project timeline and estimated fees. Please let us know if this statement of work meets your needs, or if we have misunderstood any of your objectives – we are happy to modify our proposal to ensure alignment at the outset of the project.

Scope of Work

Willis Towers Watson will provide the consulting services described in Attachment 1 to this letter. As described in our proposal, Carrie Thomas will serve as the project lead and will have responsibility for its overall success.

Fees

Fees to provide the services outline in Attachment 1 in connection with the project will be charged on a time and expense basis. The estimated fee is \$17,000 – 19,000 for the project.

Our charges will consist of the following components:

- Hourly time charges for personnel performing services at our hourly rates in effect at the time of performance;
- 7% technology charge on total hourly time invoiced, for technical systems and administrative services;

Carrie Thomas
Senior Consultant

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Towers Watson Delaware Inc.

- Reimbursement, at cost, of direct expenses reasonably incurred by us in connection with the performance of our services, such as travel and other vendor expenses.

If at any point in this engagement we conclude that our fees will exceed our estimate, we will promptly discuss the situation with you.

At the end of each month during which Willis Towers Watson performs these services, we will bill you for all charges, costs and expenses accrued or incurred for the month. If you have any questions about any of our invoices, you must notify us within 30 days from the date of the invoice.

Terms and Conditions of this Engagement

The services described in this SOW, and any other services that Willis Towers Watson provides, will be performed subject to the Terms & Conditions in place with the California Housing Finance Agency dated December 14, 2016.

In Closing

On behalf of Willis Towers Watson, we look forward to partnering together on this project. Throughout this engagement, we encourage you to continue to tell us how we can best provide you with the highest quality services so that we can deliver your desired outcomes.

We hope that we have accurately articulated this phase of our work together. However, if we need to amend our stated work plan so it perfectly aligns with your goals, kindly let us know and we will gladly do so. Alternatively, if this letter accurately describes the terms of our engagement, please have an authorized representative of The California Housing Finance sign and return the enclosed copy to my attention.

Thank you again.

Signed by and on behalf of:

TOWERS WATSON DELAWARE INC.

By: 

Carrie Thomas, Senior Consultant

Date: December 30, 2016

Accepted and agreed on behalf of:

CALIFORNIA HOUSING FINANCE AGENCY

By: _____

Print Name: _____

Print Title: _____

Date: _____

Background and Objectives

In 2006, the California Housing Agency (CalHFA) engaged Willis Towers Watson to conduct a compensation study for 10 management jobs. The study included:

- Data collected in a custom survey across 18 housing finance agencies, as well as organizations in the not-for-profit or government sectors with similar jobs.
- Data collected from published compensation surveys for similar roles in the finance industry (data reported as both for-profit and not-for-profit survey participants).
- A high level view of the pay mix between base pay/benefits in the for-profit and not-for-profit sectors.

Following the study, CalHFA's Compensation Committee established base pay ranges, typically based on the custom survey data provided. The base pay ranges have not been revised since this time, and CalHFA would like to conduct a review to validate that the previously established compensation ranges are appropriate in 2016, or identify any potential recommended updates. Specifically, CalHFA's objectives include:

- Review a sample of 2016 competitive market data to understand current market pay levels and market pay changes since 2006
- Review the base pay ranges compared to market pay levels and movement since 2006, and assess for consistency/variances
- Develop a recommendation for the alignment of the Director of Enterprise Risk & Compliance (new position) to a pay range
- Present results of the review to the Compensation Committee.

To accomplish these objectives, Willis Towers Watson recommends reviewing results from a custom survey conducted by the Colorado Housing and Finance Agency in early 2016, as well as updated published survey data for a sample of jobs. Details on our recommended approach are provided in the following section.

Project Scope and Approach

Work Step	Assumptions, Roles and Timing
<p>1. Project Kick-off & Management</p> <p>As the first step of the project, we will hold a meeting with representative(s) from CalHFA. We will confirm objectives, roles and timing for the current project, as well as gather insights/issues with regard to compensation, recruiting, and retention challenges for housing and finance senior managers. Additional agenda topics will include a review of the methodology utilized for the 2006 study to ensure consistency (where applicable) in 2016 and a review of the 2016 custom survey conducted by the Colorado Housing and Finance Agency for comparability to the prior study conducted for CalHFA.</p>	<p>Week 1 (January 23)</p> <ul style="list-style-type: none"> ▪ Willis Towers Watson prepares for and facilitates two hour kick-off meeting with relevant CalHFA stakeholders

Work Step	Assumptions, Roles and Timing
<p>2. Data Collection</p> <p>During the project kick-off, Willis Towers Watson will provide a data collection request to be completed by CalHFA (e.g., current pay ranges, organization size data).</p>	<p>Week 1 (January 23)</p> <ul style="list-style-type: none"> ▪ Willis Towers Watson provides data request; CalHFA provides requested information
<p>3. Analysis</p> <p>Willis Towers Watson will compile and analyze compensation data for up to 11 jobs, referencing the Colorado Housing and Finance Agency custom survey and 2016 published compensation surveys. Based on available data, Willis Towers Watson will analyze:</p> <ul style="list-style-type: none"> ▪ Market movement trends for Housing Finance Agencies, non-profits and for-profit financial services organizations since 2006 ▪ Validation or suggested gaps of CalHFA's current pay ranges based on the sample of 2016 data, highlighting where there are consistencies or potential discrepancies ▪ Market information for the Director of Enterprise Risk & Compliance, and preliminary alignment to a base pay grade 	<p>Weeks 2-3 (January 30 – February 10)</p> <ul style="list-style-type: none"> ▪ Willis Towers Watson conducts analyses for a sample of up to 11 jobs (strong survey matches may not be available for every survey source in 2006 and/or 2016 – Willis Towers Watson will recommend jobs to include in the sample, based on the available survey data and ensuring the sample spans a range of base pay range levels)
<p>4. Preliminary Results</p> <p>Willis Towers Watson will prepare a preliminary report summarizing the results from our analysis. Willis Towers Watson will meet with representatives from CalHFA to review the preliminary report.</p>	<p>Week 3 (February 6-10)</p> <ul style="list-style-type: none"> ▪ Willis Towers Watson develops preliminary report ▪ Two hour joint meeting to review ▪ Assumes up to one set of minor revisions, prior to finalizing the report
<p>5. Final Report and Compensation Committee Meeting</p> <p>Willis Towers Watson will prepare a final report, and meet with the Compensation Committee to present the results.</p>	<p>Week 4+ (TBD, pending on scheduling)</p> <ul style="list-style-type: none"> ▪ Willis Towers Watson prepares final report ▪ Willis Towers Watson attends up to a two hour Compensation Committee meeting to present the results