

DOUGLAS COLLEGE
PO Box 2503 New Westminster BC
Canada V3L 5B2
New Westminster and Coquitlam
douglascollege.ca
604 527 5400



June 19, 2014

Mr. Lee Doney
Interim President & CEO
Public Sector Employers' Council Secretariat
Suite 210, 880 Douglas Street
Victoria, BC V8W 2B7

Dear Mr. Doney:

As Chair of the Douglas College Board, I confirm the following:

- 1) The Board is aware of the executive compensation paid in the prior fiscal year.
- 2) The compensation information being disclosed is accurate and includes all compensation paid by the employer, foundations, subsidiaries, or any other organization related to or associated with the employer. It also includes the value of any pre- or post-employment payments made during the 12 month period before or after the term of employment.
- 3) The compensation provided was within approved compensation plans and complies with PSEC guidelines, with the exception of the matter raised with PSEC in May 2014 and as indicated in the notes in the Summary Compensation Table.

Sincerely,

A handwritten signature in black ink, appearing to read "Shelley Williams". The signature is fluid and cursive.

Shelley Williams, Chair
Douglas College Board

TT:mm
Enc.

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Public Sector Executive Compensation Reporting Form Douglas College

June 2014

Statement of Executive Compensation

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Statement of Executive Compensation

1.1 PURPOSE

Douglas College must disclose all compensation provided to the Chief Executive Officer and the next four highest ranking executives for the services they have provided to the organization. The following report outlines the design, provisions, and total value of executive compensation and provides an accurate representation of all compensation both accrued and paid to the Chief Executive Officer (CEO) and the next four (4) highest ranking/paid executives (NEO's) with an annualized base salary of \$125,000 or greater during the fiscal year 2013/14.

2.1 COMPENSATION DISCUSSION AND ANALYSIS

As a public post-secondary institution, Douglas College designs and administers its executive compensation within its approved compensation plan as required under the Public Sector Employers' Act. The College Board and the Human Resources Committee (HRC) of the Board also play leadership roles in the development of the College's overall total compensation philosophy and its application to the executive team.

Deviations or changes to and from both the CEO's employment agreement and compensation package and Douglas College's approved executive compensation plan are reviewed and approved by the Board and/or the HRC prior to submission to the Public Sector Employers Council (PSEC) for final approval.

2.2 GOVERNANCE

Executive compensation is reviewed by both the Board and the HRC. The terms of reference (as related to total compensation) for each are outlined below.

Board

- Approves the College CEO's employment agreement and compensation package.
- Approves the compensation philosophy and compensation design package for the NEO's, acting upon the advice of the CEO and upon recommendation of the HRC.
- Conducts regular performance evaluations of the CEO.

Human Resources Committee of the Board (HRC)

- Reviews with the Associate Vice President, Human Resources the employment agreement and compensation structure for the CEO.
- Reviews the CEO's recommendations with respect to the compensation structure for the NEO's.
- Reviews the CEO's recommendations with regard to the compensation philosophy for the College, in particular for the NEO's.
- Makes recommendations to the Board with respect to whether to approve or decline to make proposed changes to compensation philosophy or structure. When the HRC considers it

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necessary or advisable, it may retain, at the College's expense, outside consultants or advisors to assist or advise the Committee or the Board on any manner within its mandate.

- Coordinates the CEO performance evaluation process that is undertaken by the Board.
- Reviews and recommends to the Board the CEO's recommendations for salary increases pertaining to this disclosure.
- Reviews CEO and the top four (4) executive compensation disclosure before the College publicly discloses that information to ensure it reflects the decisions of the Board and the rationale for those decisions.

2.3 BUSINESS DRIVERS FOR DOUGLAS COLLEGE'S TOTAL COMPENSATION PHILOSOPHY

The design of Douglas College's total compensation philosophy is a direct reflection of the nature of its business and human resource requirements. These characteristics include:

- A long term and annual (academic year) business planning cycle which includes the mandate to service over 9000 FTE of students preparing for applied careers in the Province of British Columbia.
- A need to meet stakeholder expectations of high reliability for quality educational delivery at a reasonable cost.

2.4 TOTAL COMPENSATION PHILOSOPHY

Douglas College understands that its long term success hinges on the quality of the executive team and the total compensation design has been built to encourage long term employment and leadership stability. To that end, the College endeavours to ensure that its total compensation programs:

- Attract, motivate and retain highly qualified and experienced executives
- Provide for health care coverage, disability and life insurance, and pension benefits
- Support our culture and HR strategy
- Balance internal equity and external competitiveness
- Maintain affordability
- Ensure regulatory compliance
- Are understandable and transparent.

External competitiveness is determined by benchmarking against other post-secondary and public sector employers on a total compensation basis. Comparator market data is obtained from appropriate sources on a regular basis to ensure currency and competitiveness of base salaries.

2.5 ELEMENTS OF THE EXECUTIVE COMPENSATION PLAN

The current executive offer typically includes the following elements which align to and support the compensation philosophy described above.

Base Salary: A salary range that outlines the range for base pay dependent on education, knowledge, skills, and experience of the individual. The CEO salary is in accordance with the approved employment agreement. For NEO's, under the approved compensation plan, advancement within the applicable

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salary range takes place annually, effective upon conclusion of fully satisfactory or excellent evaluation and approval from the CEO.

Defined Benefit Pension Plan: Douglas College is a member of the Public Sector Pension Plans and provides to employees a defined benefit pension plan. The executive group belongs to the College Pension Plan and enrolment is mandatory. The formula for calculating the pension is two (2) per cent multiplied by the executive's best five (5) average consecutive years of plan earnings multiplied by years of contributory service.

Benefits: The benefit component of the total compensation package is designed to support the health and welfare of both employees and their families. To this end, executives receive Medical Services Plan, dental, extended health, group life insurance, accidental death and dismemberment, paid sick leave, short- and long-term disability coverage and employee and family assistance program (EFAP) coverage. The disclosed benefit value includes statutory benefits such as WorkSafe BC employer premiums.

Leaves: Douglas College leave provisions, including vacation, professional development leave and education leave, focus on supporting work life balance and life-long learning and professional development of our employees. All eligible employees are entitled to fourteen (14) paid holidays (eleven (11) statutory plus three (3) College holidays), paid vacation leave periods (up to six (6) weeks) based on years of service with the College. Additional paid leave may be available for purposes such as bereavement or maternity/parental/adoption leave.

Other Compensation: Eligible College employees, including executives, may receive paid parking on Douglas College sites. This is a taxable benefit.

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Sincerely,

Shelley Williams,
Chair, Douglas College Board

TT:mm

Enc.

Notes:

Scott McAlpine, President	
Blaine Jensen, VP, Educational Services	
Karen Maynes, VP, Finance & Admin/Consultant	Karen Maynes was VP Finance & Administration (VP FA) from April 1/13 to December 31/13. On December 31st, Karen stepped down from the VP FA position. January 1st, she received a contract to continue employment with the College at the same salary but in the capacity of a senior consultant. This contract will end June 30/14.
Guangwei Ouyang, VP, International Education and Strategic Partnerships	
Kathy Denton, VP, Academic and Provost	
Parking Benefit	Pursuant to advice sought by the College, parking was implemented as a taxable benefit on September 1, 2013.