



The MetroHealth System

Board of Trustees

Wednesday, March 22, 2023

3:00 - 5:00 pm

The MetroHealth System K-107 or via Zoom

Compensation Committee

Regular Meeting

The MetroHealth System Board of Trustees

COMPENSATION COMMITTEE

DATE: Wednesday, March 22, 2023
TIME: 3:00 – 5:00 pm
PLACE: MetroHealth K-107 Board Room or via Zoom

AGENDA

- I. **Approval of Minutes**
Minutes of the February 22, 2023, Committee Meeting
- II. **Information Items**
 - A. Executive Compensation Consultants - System update and Board next steps
– *Dr. Harry Walker, Deb Southerington*
 - B. PBVC Plan Materials – *Deb Southerington*
- III. **Executive Session**
- IV. **Recommendation/Resolution Approvals**
 - A. Recommendation for Approval of Performance-Based Variable Compensation Plan Achievements for 2022
 - B. Recommendation for Approval of Performance-Based Variable Compensation Plan System Goals for 2023

The MetroHealth System Board of Trustees

COMPENSATION COMMITTEE

Meeting Minutes

Board Members¹: Ms. Inajo Davis-Chappell-I, Mr. John Corlett-I, Ms. Maureen Dee-I, Mr. Robert Hurwitz-R, Mr. John Moss-R, Dr. Harry Walker-I, Ms. Vanessa Whiting-R

Staff: Dr. William Lewis-I, Dr. Joseph Golob-I, Ms. Sarah Alpert-I, Mr. Joseph Frolik-I, Mr. William Dube-I, Ms. Laura McBride-I, Ms. Sonja Rajki-I, Ms. Deb Southerington-I, Ms. Amanda Calabrese-I, Dr. Airica Steed-R, Dr. Jennifer Bailit-R, Dr. Nabil Chehade-R, Mr. Alan Nevel-R, Ms. Julie Jacono-R, Dr. Olusegun Ishmael-R, Dr. Brian Mercer-I

Guests: Ms. Jasmine Boutros-R, Ms. Suzanne Boutros-R, Ms. Shannon Boutros-I, Ms. Gail Long-R, Mr. Mark Servodidio-R, Mr. R. Long-R, Mr. Dalton Perry-R

DATE: Wednesday, February 22, 2023

TIME: 5:00 – 6:30 pm

PLACE: MetroHealth K-107 or via Zoom
<https://us02web.zoom.us/j/85233824569>

Dr. Walker called the meeting to order at 5:02pm.

I. **Approval of Minutes**

The minutes of the January 11, 2023, Compensation Committee meeting were unanimously approved as submitted.

II. **Information Items**

Executive Compensation Consultant next steps

Mr. Servodidio presented a summary of the RFP process that was implemented after the Committee's last meeting, including the process he and Human Resources undertook in their evaluation of the executive compensation consultants who submitted RFP responses. Mr. Servodidio also presented on the processes that would facilitate the System's and the Board's use of a single executive compensation consultant.

The MetroHealth System Board of Trustees

Mr. Moss expressed concerns with the recommendation to have one firm that reported to both management and the board. The Committee then engaged in a discussion around the Board's and management's relationship with the firm and opportunities to remedy these concerns.

The Committee agreed that, to keep the processes going and address the System's needs, the System should move forward to engage one of the RFP respondents who can provide the necessary data. The Board will then continue to assess what type of advisor it would want to assist the Board in focusing on CEO compensation. Ms. McBride read the recommendation for the approval of the engagement of an executive compensation consultant. Upon a motion made and seconded, the Board unanimously approved the resolution.

RESOLUTION NO. 19559

PBVC Plan & Procedures preparation Ms. Southerington provided a brief update on HR's ongoing efforts to consolidate the Board's and the System's policies and procedures for the Performance-Based Variable Compensation (PBVC) plan. Ms. Southerington reported that she believes these materials and information will be ready to be presented at the March 22, 2023, Compensation Committee meeting.

Dr. Walker asked for a motion to recess into executive session to discuss hospital trade secrets as defined in ORC 1333.61 and the compensation of a public employee. The motion was made by Ms. Chappell and seconded by Mr. Moss. The Committee held a roll call vote with all members voting to approve the motion to go into executive session for the purposes stated by Dr. Walker.

Members of the public were excused, and the Board went into executive session to discuss the identified matters at 5:38pm.

Following the executive session, the meeting reconvened in open session at approximately 6:30 pm.

There being no further business, the Committee adjourned the meeting at 6:33 pm.

Deborah Southerington
SVP, Human Resources

**RECOMMENDATION TO THE BOARD OF TRUSTEES OF
THE METROHEALTH SYSTEM FOR APPROVAL OF
PERFORMANCE-BASED VARIABLE COMPENSATION PROGRAM ACHIEVEMENTS FOR 2022**

Recommendation

The President and Chief Executive Officer recommends that the Board of Trustees accept and approve the 2022 results as compared to the 2022 Performance-Based Variable Compensation Plan Measures and Goals, which measures, and goals were previously adopted by the Board.

Background

In 2014, the Board of Trustees of The MetroHealth System approved a Performance Based Variable Compensation plan for certain members of senior leadership (the “Plan”) with the assistance and advice of Sullivan Cotter, an independent national compensation consulting firm, and the recommendation of the President and Chief Executive Officer. The System has determined that such programs are customary and usual in the hospital field.

The Board-approved Plan requires the Board to approve System-wide metrics to incentivize performance over the coming year. In November 2021, the Board approved Plan measures and goals for 2022-2025.

The Plan subsequently requires the Board to approve the System’s achievements against those metrics after the closing of the System’s books and the finalizing of the System’s annual audit. The Board is simultaneously being presented with a recommendation to accept the 2022 audit report prepared by RSM US, LLP.

The President and Chief Executive Officer has reviewed the System’s performance for 2022 against the Plan measures and goals approved by the Board. The System’s performance was also subject to a review and validation by KPMG, MetroHealth’s internal audit provider. Attachment A provides the presentation of the measures and goals compared to the performance for 2022. In sum, the System’s performance reflects 98.23% of the target performance.

Approval of Performance-Based Variable Compensation Plan Achievements for 2022

RESOLUTION XXXXX

WHEREAS, the Board of Trustees of The MetroHealth System has previously approved the Performance Based Variable Compensation plan for certain members of leadership (the "Plan");

WHEREAS, the Board of Trustees approved Plan measures and goals to incentivize performance through 2022;

WHEREAS, the System has submitted its results against the 2022 Plan measures and goals, and such results were subject to a review and validation by KPMG, MetroHealth's internal audit provider;

WHEREAS, the Compensation Committee has reviewed the System's performance, including the calculation of the total proposed awards and the proposed individual awards for Executives;

WHEREAS, the Board of Trustees of The MetroHealth System has been presented a recommendation to approve the System's achievements under the Plan for 2022; and

WHEREAS, based on its review, the Compensation Committee has recommended that the Board of Trustees approve the System's 2022 achievements under the Plan as further detailed on Attachment A.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby approves the System's achievements under the Performance-Based Variable Compensation Plan for 2022; and

BE IT FURTHER RESOLVED, the President and Chief Executive Officer, or her designee, are hereby authorized to take necessary actions consistent with this resolution.

AYES:

NAYS:

ABSENT:

ABSTAINED:

DATE:

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EXHIBIT A

RECOMMENDATION TO THE BOARD OF TRUSTEES
OF THE METROHEALTH SYSTEM
FOR APPROVAL OF PERFORMANCE-BASED VARIABLE COMPENSATION PLAN
SYSTEM GOALS FOR 2023

Recommendation

The President and Chief Executive Officer is recommending that the System shift its approach to return to annual PBVC metrics, which can be more appropriately refined and focused on incentivizing performance against System opportunities and challenges – which opportunities and challenges will inherently change from year to year.

These proposed goals are consistent with the guidelines established by Sullivan Cotter and continue to embody a balanced approach across the following domains: financial; strategy and growth; quality and service; clinical transformation and health equity; human capital and diversity; and innovation and research.

Background

The Board of Trustees of The MetroHealth System approved a Performance-Based Variable Compensation (“PBVC”) plan for the President and CEO and other members of leadership beginning in 2014, subject to modifications from time to time. The PBVC plan was developed with the assistance and advice of Sullivan Cotter, an independent national compensation consulting firm, and has been determined to be customary and usual in the nonprofit hospital field.

The PBVC plan is designed to put certain percentages of the President and CEO’s and members of leadership’s (Director and above) cash compensation at risk and to incentivize performance against certain goals. The PBVC plan System goals are approved by the Board annually.

At the end of 2021, the Board approved, via Resolution 19484, long-term and annual System goals for PBVC that spanned the years 2022-2025.

Approval of Performance-Based Variable Compensation Plan System Goals for 2023

RESOLUTION XXXXX

WHEREAS, the Board of Trustees of The MetroHealth System has previously approved a Performance-Based Variable Compensation plan for the President and CEO and other members of leadership (the “PBVC Plan”);

WHEREAS, the President and Chief Executive Officer has presented the Board of Trustees of The MetroHealth System a recommendation for the approval of goals and performance metrics for the PBVC Plan for 2023; and

WHEREAS, the Board’s Compensation Committee has reviewed this recommendation and now recommends its approval.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby approves the 2023 Plan Measures and Goals as described in the attachment hereto, to be utilized in connection with the overall compensation methodology. No awards will be paid unless the System achieves the Adjusted EBIDA trigger, which will be calculated net of the PBVC awards.

BE IT FURTHER RESOLVED, this Resolution and approval hereby supersedes the Board’s previous approval of long-term goals and metrics via Resolution 19484.

AYES:

NAYS:

ABSENT:

ABSTAINED:

DATE:

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Exhibit A