



The MetroHealth System

Board of Trustees

Wednesday, March 27, 2024

2:00pm - 3:30pm

Virtual Only via Zoom

Human Resources & Compensation

Regular Meeting

The MetroHealth System Board of Trustees

HUMAN RESOURCES & COMPENSATION COMMITTEE

DATE: Wednesday, March 27, 2024
TIME: 2:00pm – 3:30pm
PLACE: Zoom
<https://us02web.zoom.us/j/84696771215>

AGENDA

- I. **Approval of Minutes**
 - A. Approval of Committee Meeting Minutes from November 13, 2023
- II. **Information Items**
 - A. Board Executive Compensation Policy Amendments and PBVC Plan – J. Corlett, D. Watson, D. Southerington, L. McBride
 - B. Proposed PBVC Trigger for 2024 – D. Hollings
- III. **Executive Session**
- IV. **Recommendation/Resolution Approvals**
 - A. Resolution for Approval of Amendments to Executive Compensation Policy BOT-06 and Ratification of PBVC Plan
 - B. Resolution for Approval of PBVC Achievements for 2023
 - C. Resolution for Approval of PBVC Award to the CEO for 2023
 - D. Resolution for Approval of PBVC Trigger for 2024

The MetroHealth System Board of Trustees

COMPENSATION COMMITTEE

Date: Monday, November 13, 2023

Time: 2:00 – 4:00 pm

MetroHealth K107 Board Room or via Zoom

Meeting Minutes

Committee Members:	Inajo Davis Chappell-I, John Corlett-R, E. Harry Walker-I, John Moss-I
Other Trustees:	Maureen Dee-R, John Hairston-R, Robert Hurwitz-R, J.B. Silvers-R,
Staff:	Joseph Frolik-I, Derrick Hollings-I, Laura McBride-I, Deborah Southerington-I, Airica Steed-I, Dalph Watson-I,
Guests:	Suzanne Aral-Boutros-R, Veronica Despoth-R, Sal DiFonzo-R, Jerrod Holloway-R, Craig Strom-I, Julie Washington-R

Dr. Walker called the meeting to order at 2:02pm in accordance with Section 339.02(K) of the Ohio Revised Code.

The minutes are written in a format conforming to the printed meeting agenda for the convenience of correlation, recognizing that some of the items were discussed out of sequence.

I. Approval of Minutes

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

II. Information Items

A. Review of Proposed Committee Charter

Dr. Walker introduced Ms. Watson to discuss the proposed Compensation Committee Charter.

Ms. Watson informed attendees that it is proposed that the Committee's scope be expanded to include people-related matters in addition to executive compensation. Ms. Watson also shared a high-level summary of the Committee Charter, including a

The MetroHealth System Board of Trustees

proposed change in the name of the committee to reflect the broader scope. After committee discussion, it was agreed that the committee's name should be changed to the: Human Resources and Compensation Committee.

Ms. Chappell shared her appreciation for the expansion, and requested the Bylaws be reviewed to ensure alignment with the expanded scope of the Committee.

Dr. Walker asked for a motion to recess into executive session to discuss hospital trade secrets as defined in ORC 1333.61; and to discuss the compensation of public employees. 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 2:10p.

Following the executive session, the meeting reconvened in open session at approximately 3:40pm.

Ms. McBride provided a timeline on the 2024 Goals review and approval process, including that the proposed PBVC goals for 2024 will be presented to the Board during the December 20th meeting and approved during the January 2024 Board Meeting.

Ms. Chappell shared appreciation for the executive compensation consultants, Mr. Strom and Mr. DiFonzo, confirming the design and structure of MetroHealth's 2024 PBVC Goals are aligned with industry standards.

There being no further business to bring before the Committee, the meeting was adjourned at approximately 3:45pm.

Dalph Watson, JD
EVP, Chief People Officer

BOT-06 - Executive Compensation

Key Points

- This policy applies to The MetroHealth System (MHS).
- The Board of Trustees recognizes the need for MHS to attract and retain effective and committed executives to assist MHS in achieving its goals and providing high quality care in accordance with its mission, while acting in accordance with the laws and standards applicable to MHS.
- This policy sets forth the framework that the Board uses to carry out its fiduciary duties in determining appropriate and competitive compensation for the CEO and other MHS Executives¹.

Policy

1. The Board, through the Human Resources & Compensation Committee, shall review the CEO's and Executives' compensation at least annually. This review shall include actual compensation paid during the prior year as well as any proposed changes to the CEO's future compensation, if any.
2. To support the Board's fiduciary and statutory duties, MHS shall retain an independent compensation consultant (or consultants) to assist in providing the Board with information regarding comparable CEO and Executive compensation and related terms.
 - 2.1. The independent compensation consultant shall provide a written report(s) to and communicate directly with the Board's Human Resources & Compensation Committee.
3. CEO Compensation
 - 3.1. The Board sets total compensation for the CEO that is consistent with other comparable nonprofit and public hospitals and health systems and that reflects fair value for the services that MHS receives.
 - 3.2. The Board shall approve all compensation paid to the CEO.
 - 3.3. Any changes in the CEO's total compensation base salary outside of the terms of use contemplated by the CEO's employment agreement and any bonus or supplemental compensation paid to the CEO must be approved by the Board in advance of payment.
4. Executive Compensation
 - 4.1. In accordance with Policy BOT-07, the CEO has the authority to set the wages, salaries and benefits for other MHS ~~employees~~ Executives, including base salary and other fixed, performance-based, or other incentive compensation.
 - 4.2. However, the wages and salaries set by the CEO for Executives must be consistent with compensation provided by comparable nonprofit and public hospitals and health systems.
 - ~~4.2.1.~~ 4.2.1. The CEO must notify the Board if any Executive's total ~~cash~~ compensation (including maximum available performance-based variable compensation ~~and all other~~ other compensation) will exceed the 90th percentile of the comparable group and request Board approval in advance.
 - ~~4.2.2.4.2.1.~~ 4.2.1. The requirement of 4.2.1 for Board approval does not apply to interim Executives who are employed on a temporary basis (less than 12 months) to fill an immediate need. In such a situation, the CEO must notify the Board Chair in writing if an

BOT-06 – Executive Compensation

Owner: Board of Trustees

Effective Date: XXXXXXXXX

Page 1 of 3

Paper copy may not be current; refer to electronic version for official policy

BOARD POLICY



interim Executive's total cash compensation will exceed the 90th percentile, but Board approval is not required. The CEO shall report to the Board on all interim Executive hires at least annually.

4.3. The CEO shall report to the Board's Human Resources and Compensation Committee on each Executives' compensation, including a report of each Executive's base salary and all other components of compensation, at least annually.

5. Performance-Based Variable Compensation (PBVC)

5.1. The Board has authorized performance-based variable compensation (PBVC) to be a component of certain eligible employees' total compensation with the goal of incentivizing leaders to accomplish goals that promote MHS's mission and operations.

5.2. The Board shall approve the amount of PBVC available to the CEO through the CEO's written employment agreement. The CEO may determine the amount of PBVC available to other employees subject to the requirements and limits of this policy.

5.3. Performance Goals:

5.3.1. The Board will annually establish System performance goals, including the relative weighting between the goals, that are metric-driven and balanced to achieve short-term and long-term organizational success.

5.3.2. The Board-approved System performance goals reflect the PBVC goals for the CEO. The CEO may determine whether to incorporate individual goal performance for other PBVC-eligible employees.

5.3.3. Each established System performance goal will specify achievements at the following levels: threshold (50% achievement), target (100% achievement); and maximum (150% achievement).

5.3.3.1. Achievement between the threshold and maximum limitations will be calculated on a sliding scale.

5.3.3.2. If the level of achievement on any goal is less than the 50% threshold, no PBVC incentive payments will be made for that goal.

5.3.3.3. If the goal is measured by a percentage, the normal rounding method will be used. If the number in the one-tenth position is 4 or less, the achievement will be rounded down. If the number in the one-tenth position is 5 or higher, the achievement will be rounded up. For example, 35.3% would be rounded to 35% and 35.8% will be rounded to 36.

5.4. PBVC Trigger:

5.4.1. In conjunction with its approval of annual System performance goals, the Board will also set a trigger (financial or otherwise) that is a prerequisite for any PBVC payout. If MHS does not meet this baseline trigger, there will be no PBVC payout to any employee, regardless of MHS' achievements with respect to the Board-approved goals or any individual goals.

5.5. Award & Payment:

5.5.1. Within 30 days of receiving the System's final audited financial statements, the Board shall assess the System's performance relative to each of the approved goals, including

BOT-06 – Executive Compensation

Owner: Board of Trustees

Effective Date: XXXXXXXXX

Page 2 of 3

Paper copy may not be current; refer to electronic version for official policy

BOARD POLICY



the financial trigger, and approve the performance level achieved for each of the approved goals, along with the total performance level achieved across all of the goals.

5.5.2. The Board shall review and approve the proposed PBVC award for the CEO, if any, via written resolution.

5.6. PBVC Plan:

5.6.1. The process and parameters for the award of PBVC (including eligibility, timing, etc.) for employees other than the CEO shall be set forth in a written Plan document that shall be approved by the CEO and consistent with this Policy.

5.6.2. The Plan shall be reviewed by the Human Resources and Compensation Committee when any material changes are made and at least annually.

5.4.5.7. The Board reserves the right to review, amend, suspend, and/or terminate PBVC with respect to any or all employees at any time and at its sole discretion.

References

[ORC 339.06, 339.07](#)

Endnotes

¹ Executives means employees at the level of a Senior Vice President or above but does not include the CEO.

Commented [LM1]: Confirm Committee comfort with SVP and above.

BOT-06 – Executive Compensation

Owner: Board of Trustees

Effective Date: XXXXXXXXX

Page 3 of 3

Paper copy may not be current; refer to electronic version for official policy

RECOMMENDATION FOR THE APPROVAL OF AMENDMENTS TO EXECUTIVE COMPENSATION POLICY BOT-06 AND RATIFICATION OF PBVC PLAN

Recommendation

The President and Chief Executive Officer recommends that the Board of Trustees approve amendments to Executive Compensation Policy, BOT-06, and ratify the Performance Based Variable Compensation Plan to guide the System's implementation of the Performance Based Variable Compensation program.

Background

Since 2014, the Board has approved the use of the Performance Based Variable Compensation program ("PBVC Program") to incentivize leadership performance in achieving System-wide goals critical to the System's mission and operations. Over the course of the past year, the System has worked in conjunction with its national compensation consulting firm, Gallagher, to enhance the operations of the PBVC Program.

As a part of this work, it is recommended that the Board's policy on executive compensation, BOT-06, be amended to provide further specificity regarding the parameters of the PBVC Program that are subject to the Board's direction and approval – including the award of PBVC to the President and Chief Executive Officer.

It also was recommended that the System develop a written plan document to guide its implementation of the PBVC Program for eligible employees who report to the President and CEO and whose compensation is subject to the discretion of the President and CEO.

The attached documents reflect these recommendations.

**Approval of Amendments to Executive Compensation
Policy BOT-06 and Ratification of PBVC Plan**

RESOLUTION XXXXXX

WHEREAS, the Board of Trustees of The MetroHealth System has been presented a recommendation for the approval of amendments to Board Policy BOT-06 policy relative to Executive Compensation to, among other things, provide further detail regarding the Board's parameters for the Performance Based Variable Compensation ("PBVC") Program; and

WHEREAS, the Board of Trustees of The MetroHealth System also has been presented a recommendation to ratify the System's PBVC Plan document that will guide the System in implementing the PBVC Program for eligible leaders other than the President and Chief Executive Officer;

WHEREAS, the Human Resources and Compensation Committee has reviewed both of these recommendations and the associated written documents, which are attached hereto as Exhibit A (Amended Policy BOT-06) and Exhibit B (PBVC Plan); and

WHEREAS, based on its review, the Human Resources and Compensation Committee has recommended that the Board of Trustees approve the proposed amendments to Policy BOT-06 and ratify the proposed PBVC Plan as presented.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby approves amendments to Board Policy BOT-06 for Executive Compensation as reflected in Exhibit A.

BE IT FURTHER RESOLVED, the Board of Trustees of The MetroHealth System hereby ratifies the PBVC Plan document attached as Exhibit B.

AYES:

NAYS:

ABSENT:

ABSTAINED:

DATE:

Exhibit A

Proposed Revisions to Board Policy BOT-06

BOT-06 - Executive Compensation

Key Points

- This policy applies to The MetroHealth System (MHS).
- The Board of Trustees recognizes the need for MHS to attract and retain effective and committed executives to assist MHS in achieving its goals and providing high quality care in accordance with its mission, while acting in accordance with the laws and standards applicable to MHS.
- This policy sets forth the framework that the Board uses to carry out its fiduciary duties in determining appropriate and competitive compensation for the CEO and other MHS Executives¹.

Policy

1. The Board, through the Human Resources & Compensation Committee, shall review the CEO's and Executives' compensation at least annually. This review shall include actual compensation paid during the prior year as well as any proposed changes to the CEO's future compensation, if any.
2. To support the Board's fiduciary and statutory duties, MHS shall retain an independent compensation consultant (or consultants) to assist in providing the Board with information regarding comparable CEO and Executive compensation and related terms.
 - 2.1. The independent compensation consultant shall provide a written report(s) to and communicate directly with the Board's Human Resources & Compensation Committee.
3. CEO Compensation
 - 3.1. The Board sets total compensation for the CEO that is consistent with other comparable nonprofit and public hospitals and health systems and that reflects fair value for the services that MHS receives.
 - 3.2. The Board shall approve all compensation paid to the CEO.
 - 3.3. Any changes in the CEO's total compensation outside of the terms of the CEO's employment agreement must be approved by the Board in advance of payment.
4. Executive Compensation
 - 4.1. In accordance with Policy BOT-07, the CEO has the authority to set the wages, salaries and benefits for other MHS employees, including base salary and other fixed, performance-based, or other incentive compensation.
 - 4.2. However, the wages and salaries set by the CEO for Executives must be consistent with compensation provided by comparable nonprofit and public hospitals and health systems.
 - 4.2.1. The CEO must notify the Board if any Executive's total compensation (including maximum available performance-based variable compensation and all other compensation) will exceed the 90th percentile of the comparable group and request Board approval in advance. The requirement of 4.2.1 for Board approval does not apply to interim Executives who are employed on a temporary basis (less than 12 months) to fill an immediate need. In such a situation, the CEO must notify the Board Chair in writing if an interim Executive's total cash compensation will exceed the 90th percentile,

- but Board approval is not required. The CEO shall report to the Board on all interim Executive hires at least annually.
- 4.3. The CEO shall report to the Board's Human Resources and Compensation Committee on each Executives' compensation, including a report of each Executive's base salary and all other components of compensation, at least annually.
5. Performance-Based Variable Compensation (PBVC)
- 5.1. The Board has authorized performance-based variable compensation (PBVC) to be a component of certain eligible employees' total compensation with the goal of incentivizing leaders to accomplish goals that promote MHS's mission and operations.
- 5.2. The Board shall approve the amount of PBVC available to the CEO through the CEO's written employment agreement. The CEO may determine the amount of PBVC available to other employees subject to the requirements and limits of this policy.
- 5.3. Performance Goals:
- 5.3.1. The Board will annually establish System performance goals, including the relative weighting between the goals, that are metric-driven and balanced to achieve short-term and long-term organizational success.
- 5.3.2. The Board-approved System performance goals reflect the PBVC goals for the CEO. The CEO may determine whether to incorporate individual goal performance for other PBVC-eligible employees.
- 5.3.3. Each established System performance goal will specify achievements at the following levels: threshold (50% achievement), target (100% achievement); and maximum (150% achievement).
- 5.3.3.1. Achievement between the threshold and maximum limitations will be calculated on a sliding scale.
- 5.3.3.2. If the level of achievement on any goal is less than the 50% threshold, no PBVC incentive payments will be made for that goal.
- 5.3.3.3. If the goal is measured by a percentage, the normal rounding method will be used. If the number in the one-tenth position is 4 or less, the achievement will be rounded down. If the number in the one-tenth position is 5 or higher, the achievement will be rounded up. For example, 35.3% would be rounded to 35% and 35.8% will be rounded to 36.
- 5.4. PBVC Trigger:
- 5.4.1. In conjunction with its approval of annual System performance goals, the Board will also set a trigger (financial or otherwise) that is a prerequisite for any PBVC payout. If MHS does not meet this baseline trigger, there will be no PBVC payout to any employee, regardless of MHS' achievements with respect to the Board-approved goals or any individual goals.
- 5.5. Award & Payment:
- 5.5.1. Within 30 days of receiving the System's final audited financial statements, the Board shall assess the System's performance relative to each of the approved goals, including

the financial trigger, and approve the performance level achieved for each of the approved goals, along with the total performance level achieved across all of the goals.

5.5.2. The Board shall review and approve the proposed PBVC award for the CEO, if any, via written resolution.

5.6. PBVC Plan:

5.6.1. The process and parameters for the award of PBVC (including eligibility, timing, etc.) for employees other than the CEO shall be set forth in a written Plan document that shall be approved by the CEO and consistent with this Policy.

5.6.2. The Plan shall be reviewed by the Human Resources and Compensation Committee when any material changes are made and at least annually.

5.7. The Board reserves the right to review, amend, suspend, and/or terminate PBVC with respect to any or all employees at any time and at its sole discretion.

References

[ORC 339.06, 339.07](#)

Endnotes

¹ Executives means employees at the level of a Senior Vice President or above but does not include the CEO.

Exhibit B

Proposed Performance Based Variable Compensation Plan

**The MetroHealth System
Performance Based Variable Compensation Plan**

**Article 1
Purpose and Duration**

1.1 Purpose of the Plan. In addition to salary and benefits, the annual Performance Based Variable Compensation Plan (PBVC or the Plan) is designed to provide at-risk compensation to employees in leadership positions at The MetroHealth System (MetroHealth or the System) who contribute significantly to the success of the System’s charitable mission, measured through the achievement of financial, strategic, quality, inclusion & diversity, operational and other System-wide goals. The objective of this Plan is to retain and reward leaders for positive impacts on MetroHealth and its patients, their families, our community, and the furtherance of MetroHealth’s mission, vision, and values.

1.2 Effective Date. This Plan shall be effective as of the date identified below.

1.3 Duration of the Plan. The Plan will remain in effect until otherwise amended, canceled, or replaced by the President and CEO of MetroHealth (CEO) or MetroHealth’s Board of Trustees.

**Article 2
Definitions**

Whenever used in the Plan, the following terms shall have the meanings set forth below:

2.1 “Award” means the at-risk amount earned by a Participant based on achievement of the applicable Performance Goals during the Plan Year, and payable according to the terms and conditions set forth in the Plan.

2.2 “Award Notice” means the written notice provided after the end of the Plan Year by the Chief People Officer (CPO) to each Participant setting forth the Participant’s Award for the Plan Year and the basis for determining such Award.

2.3 “Base Salary” means the base salary payable to a Participant during the Plan Year before deductions and taxes, as set forth in MetroHealth’s payroll records.

2.4 "Board" means the Board of Trustees of MetroHealth.

2.5 "System PBVC Trigger" means the threshold level of MetroHealth's performance, financial or otherwise, that the Board approves for a Plan Year as a condition to be met before any Awards are earned and paid for such Plan Year, as set forth in Board policy.

2.6 "Individual PBVC Trigger" means the threshold level of a Participant's annual performance as a condition to be met before any Awards are earned and paid for such Plan Year.

2.7 "Committee" means the Human Resources and Compensation Committee of the Board, or such other Committee designated by the Board.

2.8 "Disability" means disability as defined in the MetroHealth Group Long-Term Disability Plan at the time at which a determination of Disability is made.

2.9 "Employee" means a person who is employed by MetroHealth.

2.10 "At-risk Opportunity" means the percentage of Base Salary that MetroHealth plans to pay a Participant if the applicable Performance Goals are achieved during the Plan Year and if the terms and conditions set forth in the Plan or the Award Notice are satisfied.

2.11 "Participant" means an Employee who is eligible to participate in the Plan. Eligibility is limited to MetroHealth's leadership, including Executive Vice Presidents, Senior Vice Presidents, Vice Presidents and other leaders as determined and approved by the CEO. This Plan does not apply to the CEO; the CEO's eligibility for and participation in PBVC shall be as determined by the Board.

2.12 "Participation Notice" means the written notice provided to each Participant notifying them of their eligibility and/or change in eligibility for PBVC (e.g., a written offer letter).

2.13 "Performance Goal" means the level(s) of performance that must be attained during a Plan Year to earn an Award.

2.14 "Plan Year" means the fiscal year, or such other period specified by the Committee.

2.15 "Retirement" means a Participant's retirement from the Ohio Public Employees Retirement System (OPERS).

2.16 "Weight" means the relative value assigned to each Performance Goal for the purpose of determining the Award earned by each Participant.

Article 3

Participation and Payment of Awards

3.1 Participation. An eligible Employee will become a Participant in the Plan only upon approval by the CEO. The CEO may add an Employee to the Plan during the Plan Year if the Employee is hired, transferred or promoted into an eligible position. A Participant's eligibility for PBVC, including the At-risk Amount, any Individual PBVC Trigger and the proportion, if any, of Individual Performance Goals, shall be as set forth in the Participant's then-current Participation Notice.

Selection for participation for a Plan Year means the Participant has the opportunity to receive an Award based on the applicable Performance Goals for that Plan Year, but does not guarantee that the Participant will receive an Award. Selection for participation for a Plan Year does not entitle an Employee to be selected or to participate in any subsequent Plan Year.

3.2 Determination of PBVC Triggers. The Board approves a System PBVC Trigger for each Plan Year, in accordance with Board policy. The CEO may also approve an Individual PBVC Trigger for Participants for any given Plan Year.

3.3 Determination of Performance Goals. The Board approves System Performance Goals, including the relative Weights of each Performance Goal, for each Plan Year, in accordance with Board policy. The CEO, or their designee, may also approve Individual Performance Goals for Participants for any given Plan Year. Individual Performance Goals shall be approved within 90 days of the start of the Plan Year.

3.4 Determination of Award. If the System PBVC Trigger for the Plan Year is met, the Committee will assess the Organization's performance relative to each of the System Performance Goals for the Plan Year following the end of the Plan Year and within 30 days of receiving the System's final audited financial statements. The Board shall approve the

performance level achieved for each of the System Performance Goals and the associated Award levels earned, if any.

The CEO and the CPO will assess a Participant's performance relative to any Individual PBVC Trigger and Individual PBVC Goals for the Plan Year based on information provided by the Participant's supervisor and within 60 days following the end of the Plan Year. The CEO shall approve the performance level achieved for Individual Performance Goals, if any, and the associated Award levels earned, if any.

A Participant shall only be eligible to receive an Award if the System PBVC Trigger and any Individual PBVC Trigger has been met.

3.5 Payment of Award. The CPO shall distribute information regarding the performance levels for all applicable (System and Individual) Performance Goals and the associated Awards earned, if any, to each Participant in an Award Notice. MetroHealth shall pay the Awards for a Plan Year within 45 days following the Board's approval of the Award levels associated with the System Performance Goals, subject to the limitations of Section 3.6.

3.6 Termination of Employment. If a Participant ceases to be an Employee of MetroHealth prior to an Award payment for a Plan Year, the Participant's eligibility for an Award for the Plan Year will be canceled and the Participant will not be entitled to any Award payment for the Plan Year, unless:

3.6.1 The Participant ceases to be an Employee of MetroHealth prior to Award payment due to death, Disability, Retirement, or active deployment by the US military, in which case the Participant shall be eligible for a prorated Award payment based on the length of their employment during the Plan Year and the performance as determined under Section 3.4; or

3.6.2 The Participant ceases to be an Employee of MetroHealth after December 31st of the Plan Year and prior to Award payment for that Plan Year due to Retirement, in which case the Participant shall be eligible to receive a full Award payment based on performance as determined under Section 3.4.

3.7 Time of Termination of Employment. For purposes of this Article 3, a Participant ceases to be an Employee of MetroHealth on their last day of employment at MetroHealth,

notwithstanding any period of continued compensation or other payments provided under an employment agreement, severance plan, or other plan or arrangement with MetroHealth.

3.8 Non-transferability. Any Award potentially payable under this Plan may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated by a Participant or any other person, voluntarily or involuntarily.

Article 4

Administration

4.1 Administration. The Plan will be administered by the CEO and the CPO.

4.2 Authority of the Board. The Board has the authority and discretion to establish the System PBVC Trigger, System Performance Goals, Weights, measures, and associated Awards. The Board retains full authority and discretion to terminate or amend the Plan at any time.

4.3 Authority of the CEO. The CEO has the authority and discretion to establish Participant eligibility, any Individual PBVC Trigger, any individual Performance Goals, Weights, measures, and associated individual Awards, and to establish, amend, or waive rules pertaining to the Plan's administration.

4.4 Decisions Binding. Subject to the provisions of the Plan, all determinations and decisions made by the CEO or the Board, and all related orders or resolutions of the Board, will be final, conclusive, and binding on all persons, including MetroHealth, Employees, Participants, and their estates and beneficiaries.

Article 5

Withholding and Offsets

MetroHealth shall deduct and withhold from the Awards any required federal, state, and local income, OPERS and employment tax withholding. MetroHealth also may offset against an Award payable to a Participant under the Plan any amounts then owing to MetroHealth by such Participant.

Article 6
Miscellaneous

6.1 Employment. Nothing in the Plan shall interfere with or limit in any way the right of MetroHealth to terminate or otherwise change the terms and conditions of any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of MetroHealth.

6.2 Severability. In the event any provision of the Plan is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provision had not been included.

6.3 Requirement of the Law. Administration of this Plan and the payment of Awards under the Plan are subject to all applicable laws, rules, and regulations. MetroHealth intends that this Plan not provide for deferred compensation that would be subject to the requirements of Section 409A of the Internal Revenue Code. The Plan shall be interpreted and administered consistent with such intent.

6.4 Governing Law. To the extent not preempted by federal law, all questions pertaining to the construction, validity, effect and enforcement of the Plan, and all agreements hereunder, will be determined in accordance with and governed by the internal, substantive laws of the State of Ohio.

THE METROHEALTH SYSTEM

By _____

President and CEO

The MetroHealth System Effective Date _____

Reviewed and ratified by the Human Resources and Compensation Committee of MetroHealth's Board of Trustees at a meeting duly held on the __ day of _____, 2024.

**RECOMMENDATION TO THE BOARD OF TRUSTEES OF
THE METROHEALTH SYSTEM FOR APPROVAL OF
PERFORMANCE-BASED VARIABLE COMPENSATION PROGRAM ACHIEVEMENTS FOR 2023**

Recommendation

The President and Chief Executive Officer recommends that the Board of Trustees accept and approve the 2023 results as compared to the 2023 Performance-Based Variable Compensation Plan measures and goals, which metrics were previously adopted by the Board.

Background

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

The Board-approved PBVC Program requires the Board to approve System-wide metrics to incentivize performance over the coming year. In March 2023, the Board approved PBVC metrics for 2023. The metrics were subsequently updated via Board approval in May 2023.

The Plan requires the Board to approve the System’s achievements against the approved PBVC Program 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 2023 audit report prepared by RSM US, LLP.

The President and Chief Executive Officer has reviewed the System’s performance for 2023 against the PBVC metrics approved by the Board. The System’s performance was also subject to a review by KPMG, MetroHealth’s internal audit provider, which review has been presented to the Human Resources and Compensation Committee by KPMG along with management’s responses to the review.

Attachment A provides the presentation of the metrics compared to the performance for 2023.

Approval of Performance-Based Variable Compensation Plan Achievements for 2023

RESOLUTION XXXXX

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

WHEREAS, the Board of Trustees approved PBVC Program measures and goals to incentivize performance through 2023;

WHEREAS, the System has submitted its results against the 2023 PBVC Program metrics, and such results were subject to a review by KPMG, MetroHealth's internal audit provider;

WHEREAS, the Human Resources and Compensation Committee has reviewed the System's performance, including the calculation of the total proposed awards and the proposed individual awards for Executives, KPMG's review, and management's responses thereto;

WHEREAS, the Board of Trustees of The MetroHealth System has been presented a recommendation to approve the System's achievements under the PBVC Program for 2023, as set forth in Attachment A; and

WHEREAS, based on its review of all of the information provided by management and KPMG, the Human Resources and Compensation Committee has recommended that the Board of Trustees approve the System's 2023 achievements under the PBVC Program with an overall performance level of ___% of target.

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 Program for 2023 at the performance level of ___% of target.

BE IT FURTHER RESOLVED, the President and Chief Executive Officer or her designee are hereby authorized to take necessary actions consistent with this resolution to implement the PBVC Program for all eligible employees other than the President and Chief Executive Officer.

AYES:

NAYS:

ABSENT:

ABSTAINED:

DATE:

CONFIDENTIAL: THIS DOCUMENT CONTAINS TRADE SECRETS AND INFORMATION THAT IS CONFIDENTIAL AND PROPRIETARY PROPERTY OF THE METROHEALTH SYSTEM AND MAY NOT BE COPIED, PUBLISHED OR DISCLOSED TO OTHERS WITHOUT THE EXPRESS WRITTEN AUTHORIZATION OF AN AUTHORIZED OFFICER OF METROHEALTH.

THIS DOCUMENT MUST BE KEPT ONLY IN CONFIDENTIAL FILES WHEN NOT IN USE.

ATTACHMENT A

TO BE DISCUSSED/DETERMINED

**RECOMMENDATION TO THE BOARD OF TRUSTEES OF THE METROHEALTH SYSTEM FOR
APPROVAL OF AN AWARD OF PERFORMANCE-BASED VARIABLE COMPENSATION
FOR THE PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Recommendation

The Chief People Officer recommends that the Board of Trustees approve an award of Performance-Based Variable Compensation (“PBVC”) for the President and Chief Executive Officer (“CEO”) based on the terms of the CEO’s Board-approved employment agreement and the Board’s approval of the System’s accomplishments as compared to the 2023 PBVC Program metrics.

Background

In 2022, the Board of Trustees of The MetroHealth System approved a written employment agreement with the CEO that sets forth, among other things, the terms of the CEO’s compensation. Pursuant to the agreement, the CEO is eligible to receive PBVC with a target amount of 35% of the CEO’s base salary.

In 2023, the Board approved System-wide metrics to incentivize performance through the PBVC Program. In 2024, the System presented its accomplishments vis-à-vis the Board-approved metrics, which will have been approved by the Board by the time this recommendation is made.

With this foundation, the Chief People Officer calculated the proposed award of PBVC for the President and CEO based on the terms of the CEO’s written agreement and the System’s Board-approved performance for 2023. Achievement between the threshold and maximum limitations were calculated on a sliding scale. The System’s compensation consultant, Gallagher, has also reviewed the proposed calculation and agrees with it. Based on these calculations, it is recommended that the Board approve an award of PBVC to the CEO for ___% performance of the 35% base salary target. This equates to an award of PBVC in the amount of \$_____.

Approval of an Award of Performance-Based Variable Compensation for the President and Chief Executive Officer

RESOLUTION XXXXX

WHEREAS, the Board of Trustees of The MetroHealth System has previously approved the President and Chief Executive Officer’s eligibility to participate in the Performance Based Variable Compensation program (the “PBVC Program”) through a written employment agreement;

WHEREAS, the System has submitted its results against the 2023 PBVC Program metrics, which were subject to a review and validation by KPMG, MetroHealth’s internal audit provider;

WHEREAS, the Human Resources and Compensation Committee has reviewed the System’s 2023 PBVC metric performance, including the calculation of the total proposed award for the President and CEO and the terms of the CEO’s written employment agreement; and

WHEREAS, based on its review, the Human Resources and Compensation Committee has recommended that the Board of Trustees approve an award of PBVC for the President and CEO in the amount of ___% of target, which equals an award of \$_____.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby approves the award of PBVC to the President and CEO in the amount of \$_____ for 2023.

BE IT FURTHER RESOLVED, the Chief People Officer and Chief Financial Officer, or their designees, are hereby authorized to take necessary actions consistent with this resolution.

AYES:

NAYS:

ABSENT:

ABSTAINED:

DATE:

**RECOMMENDATION TO THE BOARD OF TRUSTEES OF
THE METROHEALTH SYSTEM FOR APPROVAL OF
FINANCIAL TRIGGER FOR PERFORMANCE-BASED VARIABLE COMPENSATION FOR 2024**

Recommendation

The President and Chief Executive Officer recommends that the Board of Trustees approve a financial trigger that the System must meet or exceed in order for all eligible employees to receive Performance-Based Variable Compensation (“PBVC”).

Background

In 2014, the Board of Trustees of The MetroHealth System approved a Performance Based Variable Compensation program for certain members of senior leadership (the “PBVC Program”). Since its inception, the System has been required to meet or exceed a certain financial benchmark in order for any PBVC to be paid to eligible employees (the “Financial Trigger”). The Financial Trigger has been historically set at the System’s maximum annual debt service amount. In accordance with the amendments to Board Policy BOT-06, the Board will explicitly approve the Financial Trigger each year.

Based on the terms of the System’s bond covenants and other financial obligations, the System requires an EBIDA of \$65.8 million for 2024 in order to meet its financial obligations. Thus, it is recommended that the Board approve a Financial Trigger for PBVC in 2024 at an EBIDA of \$65.8 million. If the System does not meet the Financial Trigger, then no PBVC can be paid, regardless of the System’s accomplishments on the Board-approved goals and metrics.

Approval of Financial Trigger for Performance-Based Variable Compensation for 2024

RESOLUTION XXXXX

WHEREAS, the Board of Trustees of The MetroHealth System’s Policy BOT-06 requires the Board to approval a financial trigger that the System must meet or exceed in order for any Performance Based Variable Compensation to be paid to eligible employees (the “Financial Trigger”);

WHEREAS, the Board of Trustees has previously required that the System meet or exceed its maximum annual debt service requirement as the Financial Trigger and seeks to continue to do so for 2024;

WHEREAS, the Human Resources and Compensation Committee has reviewed the recommendation for the Financial Trigger for PBVC for 2024; and

WHEREAS, based on its review, the Human Resources and Compensation Committee has recommended that the Board of Trustees approve a financial trigger for PBVC at an EBIDA of \$65.8 million for 2024.

NOW, THEREFORE, BE IT RESOLVED, the Board of Trustees of The MetroHealth System hereby approves a financial trigger for PBVC, as called for in Board Policy BOT-06, at an EBIDA of \$65.8 million for 2024.

AYES:

NAYS:

ABSENT:

ABSTAINED:

DATE: