

# The MetroHealth System Board of Trustees

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## HUMAN RESOURCES & COMPENSATION COMMITTEE MEETING

Date: Wednesday, March 27, 2024

Time: 2:00-3:30 pm

Zoom: <https://us02web.zoom.us/j/84696771215>

**Committee Members:** Inajo Davis Chappell, John Corlett, John Moss

**Other Trustees:** Maureen Dee, Vanessa Whiting

**Staff:** Airica Steed, Ed.D. , Christine Alexander, M.D., Kelly Andolek, John Chae, M.D., Nabil Chehade, M.D., Corey Clay, Joseph Frolik, Joseph Golob, M.D., Derrick Hollings, Olusegun Ishmael, M.D., Laura McBride, Tamiyka Rose, Patty Seneff, Deborah Southerington, Dalph Watson

**Guests:** Arlene Anderson, Carole Becerra, Jasmine Boutros, Tess Alanna Boutros, Suzanne Aral-Boutros, Brett Buchanan, Veronica Despoth, Sal DiFonzo, Jerod Holloway

### Meeting Minutes

Mr. Corlett called the meeting to order at 2:03 pm, 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 November 13, 2023, Compensation Committee meeting was unanimously approved as submitted.

#### **II. Information Items**

##### **A. Board Executive Compensation Policy Amendments and PBVC Plan**

Mr. Corlett opened the meeting with the discussion of two proposed policies that formalize certain aspects of the PBVC program: new language for the Board's policy on Executive Compensation and a System-level Plan policy.

Mr. Corlett introduced Dalph Watson, Chief People Officer, to discuss the documents, the proposed changes, and clarifications.

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Ms. Watson began by discussing Executive Compensation Policy BOT-06, initially drafted in 2023. In partnership with the legal team and the System's compensation consultant Gallagher the proposed changes include:

- Updating the committee's name to the Human Resources & Compensation Committee
- Ensuring that verbiage around the Performance Based Variable Compensation (PBVC) program is included.

Ms. Watson introduced Sal DiFonzo, a Gallagher compensation partner and Laura McBride to provide policy insights.

Mr. DiFonzo offered the following feedback:

- The proposed policy terms align with suggested changes in the PBVC document.
- The Board's Policy specifies achievement levels: threshold (50%), target (100%), and maximum (150%). This adheres to best practices.

Mr. DiFonzo also explained that rounding decisions depend on organizational preference. In his experience, most clients require achievement at the actual specified level before considering the target metric achieved. Ms. McBride clarified the relationship between the Board policy and the PBVC plan document. The Board Policy is owned by the Board and seeks to define the terms of the PBVC program that are subject to Board control, including PBVC awards to the CEO. The Plan Document is CEO-owned; it outlines how the CEO administers PBVC for eligible employees reporting directly to the CEO.

Ms. Watson stated that after a review with Gallagher, Gallagher also recommended enhancements to how Executives are defined in the Board's Executive Compensation Policy.

The suggested update to the endnote will read, "Executives are defined as VP and above, for purposes of in-depth market data and comparisons for Board of Trustees review, Executives are defined as SVP and above."

Mr. DiFonzo recommended that the PBVC Plan document be annually dated and effective for each plan year. Additionally, any changes would require Board approval.

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The Committee discussed removal of the proposed rounding language, found in proposed section 5.3.3.3 of the Board's Executive Compensation Policy. Based on the feedback provided by Gallagher, the Committee agreed that the language should be removed so that rounding is not used in measuring achievements.

Ms. Chappell also asked that language be added to the beginning of the PBVC Plan document to further reaffirm that the PBVC Plan document does not apply to the President and CEO.

Mr. Corlett asked for a motion to approve the proposed Amendments to the Executive Compensation Policy BOT-06 and Ratification of PBVC Plan, with the removal of the rounding language and addition to the footnote definition of Executive in Policy BOT-6 and, for the System PBVC Plan, adding additional language to clarify the inapplicability of the Plan to the CEO. Ms. Whiting made a motion to approve. Ms. Chappell seconded the motion. The resolution passed with all members present voting in favor of the resolution, as amended during the meeting.

### **B. Proposed PBVC Trigger for 2024**

Mr. Corlett introduced Derrick Hollings, Chief Financial Officer, to discuss the System's proposed financial trigger for the Performance-Based Variable Compensation Program for 2024.

Mr. Hollings reviewed the PBVC trigger for last year, which was set at maximum annual debt service for our bonds. He confirmed that the proposal is to maintain that trigger for 2024 – which would be an EBIDA of \$65.8 million. The Committee noted the option of changing the trigger in the future but agreed that maintenance of the financial trigger for 2024 was appropriate.

Mr. Corlett asked if there were any questions. Hearing none, Mr. Corlett asked for a motion to recommend the Approval of the Financial Trigger for PBVC for 2024. Ms. Chappell motioned to approve. Mr. Moss seconded the motion. The resolution passed with all members present voting in favor of the resolution.

Mr. Corlett asked for a motion to move to executive session to discuss hospital trade secrets as defined in ORC 1333.61 and to discuss the compensation of public employees. Ms. Chappell motioned to move into executive session for the reasons stated by Mr. Corlett. Ms. Moss seconded the motion. The motion was passed with all members present voting in favor of moving into executive session.

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Upon unanimous roll call vote, the Committee went into Executive Session to discuss such matters at 2:36 pm.

Following Executive Session, the meeting reconvened in open session at approximately 3:43 p.m.

### **III. Recommendation/Resolution Approvals**

#### **A. Resolution for Approval of PBVC Achievements for 2023**

Mr. Corlett stated that, given the conversation in Executive Session, he would ask counsel for a brief synopsis of the proposed recommendation regarding approval of PBVC achievements for 2023. Ms. McBride explained that based on the information presented in executive session, including management's proposal and Internal Audit's review, the System has proposed their overall achievement against the goals for 2023 to be at a performance level of 121% of target. Mr. Corlett asked for a motion to recommend the Approval of PBVC Achievements for 2023 at 121% of target. The motion was made by Ms. Chappell and seconded by Ms. Dee. The resolution passed with all members present voting in favor of the resolution.

#### **B. Resolution for Approval of PBVC Award to the CEO for 2023**

Mr. Corlett stated based on that approval, the Committee is now presented with a recommendation for an award of PBVC to the CEO. Ms. McBride explained that the award of PBVC to the CEO is set forth in the terms of her written employment agreement and the recently recommended approval of PBVC achievements at 121% of target. Using the target award of 35% of base salary and achievements at 121% of target, the calculation of the award of PBVC to the CEO amounts to \$381,156.78. Mr. Corlett asked if there were any questions. Hearing none, Mr. Corlett asked for a motion to recommend the approval of an award of PBVC to the CEO for 2023 in the amount of \$381,156.78. Ms. Chapell motioned to approve. Mr. Moss seconded the motion. The resolution passed with all members present voting in favor of the resolution.

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

**THE METROHEALTH SYSTEM**

John Corlett, Chairperson