

PRESIDENT/CEO EXECUTIVE COMPENSATION COMMITTEE MEETING MINUTES

Thursday, August 6, 2020

Med Plaza One 4th Floor Conference Room Fort Myers, FL 33912

Teleconference 1-415-655-0002 Access Code 479 493 525

MEMBERS PRESENT:

David Collins, Board Chair, Committee Chair

Therese Everly, Board Vice Chair

Donna Clarke, Board Treasurer

Diane Champion, Board Secretary

OTHERS PRESENT:

Sanford Cohen, M.D., Board Member

Stephen Brown, M.D., Board Member

George Knott, Board Counsel

Mike Wukitsch, Chief Human Resources Officer

Larry Antonucci, M.D., President/CEO

Mary McGillicuddy, Chief Legal Counsel

Tracy Pyles, Senior Attorney

Mary Briggs, Strategic Communications

The President/CEO Executive Compensation Committee Meeting was called to order at 9:34 a.m. by David Collins, Board Chair.

PUBLIC INPUT

Chair David Collins read the Public Input Statement.

MINUTES 6/22/20

Therese Everly made a motion to approve the minutes dated June 22, 2020 as presented. Donna Clarke seconded and the motion was approved with no opposition.

ATTORNEY ITEMS

George Knott, Deputy Board Counsel reviewed current Sunshine Law and this Committee's limited mandate. He next presented a review of a red line Employment Agreement for Larry Antonucci, MD President and CEO. He discussed the contract provisions that had been requested by the Committee including; Term of Agreement, Compensation (Base Salary, Adjustment to Base Salary, Annual Incentive Pay, Long Term Incentive Pay, Preservation of Existing Benefits and Compensation, and Pandemic Management Salary Waiver). Discussion ensued about the effective dates of the employment contract and how that affected base compensation. Deputy Counsel explained that the draft contract being reviewed would replace the existing contract which has one (1) additional year remaining, starting October 1, 2020. The new draft contract would not give any additional base compensation over what Dr. Antonucci would already be entitled to.

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TAX ISSUES

Tracy Pyles presented information about Tax provision item 409A. Ms. Pyles stated nothing has changed and the system has no additional penalties or liabilities. She then discussed a new tax code implemented in June of 2020 Tax Code Statute Item 4960 which charges a new tax on certain tax exempt organizations which includes a rate of 21% on any income paid to administrative employees in excess of \$1 Million. Ms. Pyles further informed the Board that new tax code requirements are not addressed in the employment contract, nor do they need to be. Discussion ensued including what the actual cost to the system would be. She stated that for Lee Health fiscal year 2020 Lee Health would be reporting income over \$1 million for calendar year 2019 of about \$81,264, with tax consequence of approximately \$17,000.

FOLLOW UP OF ADDITIONAL INFORMATION NEEDED FOR BOARD CONSIDERATION OF EXTENSION TO PRESIDENT / CEO CONTRACT

Mike Wukitsch, Chief Human Resources Officer and Alison Thurau System Director Total Rewards, presented a detailed report prepared by Gallagher, that covered additional information topics requested by the committee, including:

- Benefit package survey

- Average length of CEO contract term

- Percentage of CEO contracts that have annual adjustments to base pay not tied to performance.

Mike Wukitsch concluded that the report finds that the benefit expenditures for the President/CEO are below the median of the market and the parameters of the executive benefit program are competitive for many benefits although disability benefits are limited and retirement contributions are low relative to market levels. Discussion ensued about the Paid Time Off benefit for Executives, recently changed from an accrual basis to unlimited. This change was made as a cost saving benefit to the system. The Gallagher report stated this was not a widely adopted practice. In addition, the committee discussed the deletion of the annual adjustment to base pay not tied to performance, and country club membership dues. Both were supported by the findings in the Gallagher report.

NEXT STEPS RECOMMENDATIONS TO FULL BOARD

The committee discussed various recommendations regarding contract renewal.

Donna Clarke, made a motion to approve the recommendation of the red line Employment Contract with two (2) changes; change the PTO benefit to reflect the wording of the current Lee Health Executive practice, and to remove the Country Club Benefit amount of \$7500. The motion was seconded by Therese Everly and carried with no opposition

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NEXT REGULAR MEETING

The next President/CEO Executive Compensation Committee Meeting will be held on September 9, 2020 at 9:30 a.m.

Teleconference: 1-415-655-0002 Access Code 479 493 525

Physical Location: Gulf Coast Medical Center, Medical Office Building Boardroom,
13685 Doctor's Way, Fort Myers, FL 33912

ADJOURNMENT

The President/CEO Executive Compensation Committee Meeting adjourned at 12:14 p.m. by David Collins, Board Chair.

Minutes were recorded by Kathy J. Hagen/Assistant to the Board

Signed by:

David Collins

Committee Chair

Date: 9/9/2020