

# **PRESIDENT/CEO EXECUTIVE COMPENSATION COMMITTEE MEETING MINUTES**

Monday, June 22, 2020

Gulf Coast Medical Center, Medical Office Building Boardroom, 13685 Doctor's Way, Fort Myers, FL 33912 Teleconference 1-415-655-0002 Access Code 479 493 525

## **MEMBERS PRESENT:**

David Collins, Board 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

The President/CEO Executive Compensation Committee Meeting was called to order at 1:01 p.m. by David Collins, Board Chair.

## **PUBLIC INPUT**

Chair David Collins read the Public Input Statement.

David Collins Board and Committee Chair shared his initial thoughts to aid discussion. He stated, the Board owe our CEO Dr. Larry Antonucci thanks for his excellent leadership before and during this global pandemic. In the last year Larry's leadership has resulted in many positive outcomes. To name a few: Standard and Poor's bond rating increased from A to A+, Lee Health has received many quality awards including A grades from Leapfrog for Acute Care Hospitals, transformed the organization culture through ExceptionaLee, and Baldrige Quality framework for operational and performance excellence.

During the COVID pandemic Dr. Antonucci modeled excellent communications; used in house labs to speed up testing results; applied for and received additional funding. On behalf of the Board, David Collins thanked Dr. Antonucci and stated the Board continues to support him as our CEO/President, but the Board want to be sure his work on Lee Health's behalf is recognized and appropriately rewarded.

Dr. Antonucci's employment contract ends on 9/30/21 and the Board is obligated to begin discussions and negotiations about that contract within 60 days of October 1,

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2020. This is being done a little early, because in January 2020 Dr. Antonucci offered to keep the employment contract terms as they are for the next 4-year period.

David Collins suggested this committee be formed to continue ensuring governance best practices, to be sure the Board is looking at national best practices for our CEO's compensation in a changing world. This committee will help the board to do one of the most important parts of its job, CEO oversight. This work is an essential, central duty of the Board. The Board need to do their due diligence.

### PRELIMINARY COMMENTS

George Knott, Deputy Board Counsel reviewed current Sunshine Law and this Committee's limited mandate.

### REVIEW BY COUNSEL OF CONTRACT PROVISIONS IN PRESIDENT/CEO EMPLOYMENT AGREEMENT

George Knott reviewed the 16 provisions in the current President/CEO contract. He referred to Board Policy 40.02J President/CEO Compensation & Performance Review. Discussion ensued. Board members asked questions about the employment agreement and the short and long term incentives.

### DISCUSSION OF GALLAGHER REPORT

Mike Wukitsch, Chief Human Resources Officer presented the Gallagher President / Chief Executive Officer Total Cash Compensation Review prepared in May 2020 to the Committee. Key points of report include;

- Compensation positioned at the median of the peer group
- President/Chief Executive Officer's compensation compared with a combination of National, Southeast Regional, and Florida peer groups of systems and hospitals similar to LH in terms of size and organizational complexity

In addition, Mike shared with the committee the supplemental information requested from Gallagher dated June 19, 2020 addressing the impact of COVID-19 on the reasonableness of the CEO's total compensation. Discussion ensued.

### REVIEW BY CHIEF HUMAN RESOURCES OFFICER OF CURRENT PRESIDENT/CEO SHORT TERM AND LONG TERM INCENTIVE PLAN(S)

Topics discussed included the System Strategic Scorecard and the timeline for its approval. Therese Everly asked when the new information would be available and Larry Antonucci said in August or September. Therese asked the committee if the Scorecard is what they should use to drive what is included in the short and long-term incentives. Donna Clarke stated she thinks Larry's Incentive Goals should be composed of Margin for a financially sustainable organization, Growth and Quality, and

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that the system scorecard could be used by Larry to incentivize his executives. The committee will discuss this in more depth at their next committee meeting.

### ADDITIONAL INFORMATION NEEDED FOR COMMITTEE CONSIDERATION OF SHORT TERM AND LONG TERM INCENTIVE PLAN

- Benefit package survey
- Average length of CEO contract term
- Percentage of CEO contracts that have annual adjustments to base pay not tied to performance
- Tax implication(s) if any
- Force Majeure clause

The committee feels comfortable with the information already submitted from Gallagher and decided that with the additional information they have requested that it is not necessary to consult with another outside agency.

### NEXT STEPS RECOMMENDATIONS TO FULL BOARD

The committee discussed various recommendations regarding contract renewal. Mary McGillicuddy system counsel asked for clarification. Mary said the Board has been presented with the request to renew the contract under the current terms. She stated she was unclear if the motion is accepting that offer subject to the force majeure and tax implications, and with the understanding that the short and long term incentives be formed after the contract is entered into, as was done with the first contract.

Therese Everly believes it is the intent of the Board to renew the employment contract. With the formation of this committee, she does not want to mislead the organization that there is any lack of confidence in the CEO. Therese further stated the idea of this motion is to state that it is the Board's intent to absolutely renew the contract of employment with the CEO. However, we have to negotiate the terms, so to your point, no, it's not saying we are accepting the exact contract. That is still to be determined. **Therese Everly made a motion to recommend to the Board the renewal of the employment contract subject to the negotiation of appropriate terms. The motion was seconded by Donna Clarke. The motion was carried with no opposition.**

### NEXT REGULAR MEETING

The next Presidents/CEO Executive Compensation Committee Meeting will be held on August 6, 2020, at 9:30 a.m. at Gulf Coast Medical Center, Medical Office Building Boardroom, 13685 Doctor's Way, Fort Myers, FL 33912

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**ADJOURNMENT**

The Presidents/CEO Executive Compensation Committee Meeting adjourned at 12:10 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: **08/06/20**