



Personnel Committee

July 24, 2013 ~ 3:00 PM ~ Administrative Board Room

Committee Members Present: Weldon Smith, Chairman, Don Lewis, Susan Kanard

Committee Members Absent: Cara Bland, MRHC Board Chairman

Hospital Staff Present: Lucy Muller, HR Specialist, Steven Brooks, VP of Human Resources, Tiffany Moore, HR Assistant

Other: None

<i>"Privileged and Confidential pursuant to 63 O.S. 1-1709.1 and/or 63 O.S. 1-1709."</i>			
Topic/Finding	Discussion	Recommendation/Action	Follow-up/ Responsible Party
Call to order:	With a quorum present Chairman Smith called the meeting to order.		
Approval of Minutes:	The minutes from October 24, 2012 were presented for review. Motion was made (Lewis) and seconded (Smith) to approve the minutes as presented. By a show of hands Motion carried unanimously.		
Old Business:			
New Business:			
A. Proposed contract for CEO	<p>Mr. Smith began going over the proposed contract, discussing each paragraph for potential changes and also the suggested changes.</p> <ul style="list-style-type: none"> ▪ Paragraph 1: <u>Services and Duties</u> - No changes. ▪ Paragraph 2.1: <u>Compensation</u> – Mr. Keith has requested a 3% increase on his current base salary. Mr. Smith believed that we should take into consideration what all employees were getting, Mr. Lewis and Mrs. Kanard agreed. Mr. Smith asked Mr. Brooks if there were any plans on giving other raises this year. Mr. Brooks explained that it was in the budget to give employees a 2% raise, depending on their evaluation and if the hospital hits the financial triggers of 3.6 operating margin and 60 days cash on hand, which would be determined in October. Mr. Smith proposed that Mr. Keith be given a 2% raise like the employees. Mr. Brooks asked that the members look the OHA compensation analysis for CEOs, and the average pay increase in other hospitals with the same net revenue as MRHC is 5%. However, the members agreed on a 2% increase. 		



	<ul style="list-style-type: none">▪ Paragraph 2.2: <u>Bonus Compensation</u> - Currently the Mr. Keith gets a bonus of 20 to 30% of his base salary. Mr. Keith has requested that it be changed to 30% of his base salary. Mr. Smith believed this was not appropriate and needed to be reviewed and rewritten. Mr. Smith suggested the following: The potential or maximum amount of the annual bonus is 30% of the CEO's base pay. The first 10% is earned by MRHC hitting the financial triggers as defined in the annual statement of goals. The payment of part or all of the remaining 20% is determined by the board, based upon the CEO's achievement of the Board's approved goals. Payment of the bonus will be as follows: 1) a maximum contribution will be made into the CEO's 401a plan; and 2) any remaining bonus pay will be paid out as cash to the CEO. Mrs. Kanard asked Mr. Brooks if the above mentioned financial triggers would be the same for Mr. Keith as it was for the employees. Mr. Brooks said yes at which point Mr. Lewis and Mrs. Kanard agreed with Mr. Smith's suggestion.▪ Paragraph 2.3: <u>Deferred Compensation</u> – There isn't a requested change but the dollar amount would change as a result of base salary increase.▪ Paragraph 3: <u>Approved Absences</u> – No change.▪ Paragraph 4: <u>Education Expenses</u> – No change.▪ Paragraph 5: <u>Other Benefits</u> – A) No change. B) Mr. Keith is currently receiving group life insurance in the amount equivalent to 2 times his annual base salary and is requesting an increase to 3 times his annual base salary. Also, if the Hospital's life insurance plan maximum amount is insufficient to the requested amount, the Hospital will reimburse him the cost of securing his own life insurance to any amount not covered. Mr. Lewis suggested that the Hospital pay for the insurance instead of reimbursing Mr. Keith in order to keep costs down. Ms. Kanard and Mr. Smith agreed. Mr. Lewis suggested that either Finance recommend to the Board what kind of insurance or Mr. Keith could get 3 quotes and present them to the Board for approval. C - I) No change		
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<p>B. CEO Evaluation Tool</p>	<ul style="list-style-type: none">▪ Paragraph 6: <u>Termination</u> – No Change▪ Paragraph 6.2: No change.▪ Paragraph 6.3: Mr. Smith suggested the wording be changed. Currently, Mr. Keith will receive 1 year severance pay if terminated without cause. Mr. Smith believes this should read that within the year of receiving severance, if Mr. Keith begins employment elsewhere that the severance should be reevaluated. If he is making more than what his severance is, the severance payments will end; however, if he is making less, the severance amount will be changed so that with his new pay and the new severance amount will equal the original severance amount. Mr. Lewis and Ms. Kanard agreed.▪ Paragraph 6.4: No change.▪ Paragraph 6.5: No change.▪ Paragraph 6.6: The current contract states that if the Hospital is merged, sold, or closed Mr. Keith would receive severance as outlined in Paragraph 6.3. Mr. Keith requested that if the Hospital is merged, sold, or closed that he receive \$500,000 from the purchasing entity regardless if he continues employment at the Hospital. Mr. Smith believes this needs to be rewritten and discussed with Mr. Keith.▪ Paragraph 6.7: No change.▪ Paragraph 7: <u>Voluntary Waiver and Release</u> - No change.▪ Paragraph 8: Confidentiality - No change.▪ Paragraph 9: <u>Non-compete</u> - No change.▪ Paragraph 10: <u>Non-solicitation</u> – No change.▪ Paragraph 11: <u>Term</u> – No change.▪ Paragraph 12: <u>Entire Agreement</u> – No change.▪ Paragraph 13: <u>Amendment</u> – No change.▪ Paragraph 14: <u>Severability</u> – No change.▪ Paragraph 15: <u>Binding Effect</u> – No change.▪ Paragraph 16: <u>Construction</u> – No change. <p>Mr. Smith began going over the evaluation tool with Mr. Brooks. Mr. Smith believe d the evaluation questions were too vague and wasn't sure how each question was measurable. Mr. Smith asks Mr. Brooks</p>		
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	to create a comment page/section with each question to explain the results or what was expected and what was the original goal so that Mr. Keith could in fact be evaluated properly.		
Other Business:			
ADJOURNMENT:	No further business was brought before the Committee for discussion.	The meeting was adjourned at 4:27 pm.	

Weldon Smith, Chairman

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