

**Board of Directors
“Special Meeting”
Thursday, September 7, 2017 – 5:30 p.m.
Via Teleconference**

Minutes of Meeting

<u>Attendees:</u>	Marieke vanNoppen	Stephen McClellan
	Bruce Millar	David Wattie
	Dr. D. Tse	Andy Barrett
	James Pitruniak	Michelle Perry (until 6:15)
	Mike Villeneuve	Peter Sorby
	Robin Varughese	Shawn Sutton
	Renee Belhumeur	Lynn Hall
	Cholly Boland	
<u>Regrets :</u>	Dr. M. Crabtree	<u>Staff:</u> Michelle Blouin
	John Trickett	Chris Barkley (Recorder)
	Tom Dawson	

1. Call to Order / Opening Remarks

The meeting was called to order at 5:30 p.m. M. vanNoppen opened the meeting stating the purpose of the meeting is to review the proposed Executive Compensation Plan. There has been no ability to change the compensation of an executive for approximately seven years and the government has now developed regulations to change this, through the development of an Executive Compensation Plan. C. Boland and M. Blouin were thanked for their dedicated and concerted effort in developing this Plan.

2. Declaration of Conflict of Interest

To avoid a conflict of interest and allow for open discussion it was agreed that Senior Management would exit the meeting following the overview of the Executive Compensation Plan and the Board would move to an in camera session.

3. Review of Agenda

There were no changes to the agenda.

4. Explanation of Executive Compensation Plan

C. Boland provided a detailed overview of the Executive Compensation Plan which was distributed in advance for review. Hospital executive compensation has been frozen since 2010. The only reason to allow for an increase in salary would be if there was a justifiable increase in executive responsibilities. In the fall of 2016 the government filed the Executive Compensation Framework Regulation that allows for compensation increases to public sector executives, but only in accordance to a very prescriptive process. The result of this process must be submitted to the government no later than September 29, 2017.

Executives affected at WDMH include the CEO, the Senior VP Clinical Services, and the Senior VP of Corporate Services/Chief Financial Officer.

Part of the process prescribed by the government is to have at least eight comparators. WDMH is defined as a community hospital. If we were just a standalone hospital it would be simple to find comparators a little bigger and a little smaller in size. We also have some complexities, i.e. teaching approximately 300 students per year, and our research program that is growing. To add to the complexity two of our senior executives report to three different boards. In addition, most hospitals our size have three Vice Presidents. It is rare to have all clinical services reporting to one Vice President as we do at WDMH. The eight comparators chosen by WDMH are hospitals similar in size with more than one corporation.

Included in the document is a chart showing the maximum salary for the three positions, the salary grids, and proposed salary progression. Increases must be done incrementally rather than an immediate increase to new maximum salary levels. WDMH's executive compensation includes no perquisites or special benefits. Other than severance there is nothing in the executive contracts that other managers do not receive. The components for executive compensation include salary; Pay-for-performance hold-back of 3%, and severance.

In addition to the Executive Compensation Plan, Senior Management is also requesting the Board give consideration to reducing the pay-per-performance holdback from 3% to either 2% or 1%, and adjusting severance.

Once the compensation plan is approved by the Board, the data will be transferred to government forms and submitted for approval to publicly post the plan for 30 days. Government approval will then be requested a second time to implement the plan.

C. Boland and M. Blouin were thanked for the work involved in developing the plan. C. Boland, M. Blouin, L. Hall and Dr. D. Tse signed off the teleconference at 6:05 p.m. The Board continued with an in-camera session.

5. Further Discussion and Action Plan – In-Camera In Camera

The Board held a detailed discussion on the Executive Compensation Plan, including:

- New maximum executive salaries
- Rate of annual increase
- Changes to holdback percentages and severance

The discussion resulted in the following motions:

New Maximum Executive Salaries

MOVED by **Peter Sorby** and **SECONDED** by **Bruce Millar**

That the new maximum executive salaries be approved as presented in the Executive Compensation Plan of September 7, 2017.

CARRIED.

Rate of Annual Increase

MOVED by **Mike Villeneuve** and **SECONDED** by **Andy Barrett**

That the rate of annual increase be approved at 5%, as presented.

CARRIED.

Pay-per-Performance Holdbacks and Severance

Senior Management requested consideration of the Board to adjust the pay-per-performance holdback from 3% to either 2% or 1%, and that severance be adjusted to two full years for all three senior executives. These are not required approvals for the government but consideration is requested given the recent review of salaries. The Board recommends a further follow-up conversation with senior management and will review this outside of this process.

MOVED by **Stephen McClellan** and **SECONDED** by **Andy Barrett**

To continue with the 3% holdback currently in place on executive compensation and revisit in the spring of 2018 when developing the new Patient Care Improvement Plan.

CARRIED.

Severance

The Board will request benchmarking against other hospitals prior to making an adjustment to severance. A policy will then be developed consistent with peer hospitals. The result will be reflective of experience, age, and what the executive would be entitled to under common law.

MOVED by Shawn Sutton and SECONDED by Andy Barrett

That a decision to adjust severance be deferred until more information is available on peer-based comparators.

CARRIED.

Although not all recommendations were approved at this meeting, the Board reiterated their full support in ensuring the CEO and Senior Vice Presidents are fairly compensated for all the work they do.

6 Next Meeting – September 26, 2017 – 5:00 p.m.

7. Adjournment

The meeting adjourned at 6:40 p.m.