

ROSWELL PARK CANCER INSTITUTE CORPORATION COMPENSATION COMMITTEE

A meeting of the Compensation Committee of the Board of Directors of Roswell Park Cancer Institute Corporation was held on Thursday, March 29, 2018 at 10:30 a.m. in the Patrick P. Lee Conference Room, 9th floor of the Scott Bieler Clinical Sciences Center.

Present: R. Buford Sears
Donna M. Gioia (telephonically)
Candace S. Johnson, PhD, President & CEO
Gail Mitchell, Esq.

Excused: Michael L. Joseph, Chairman of the Board

Staff

Present: Errol Douglas, Vice President of Human Resources
Betsy Doty-Lampson, Administrator to Board of Directors
Michelle Moore, Assistant Vice President of Human Resources
Michael Sexton, Esq., Chief Institute Operations Officer, General
Counsel and Secretary
Anthony Woods, Director of Classification and Compensation

Opening Remarks and Minute Review

Mr. Sears opened the meeting with a review of the draft minutes from the meeting held December 13, 2017. After discussion, and *on motion by Ms. Mitchell, seconded by Ms. Gioia, those minutes were unanimously approved.*

Executive Total Compensation Review

Mr. Sears then turned to the Executive Compensation benchmarking study that was prepared by the SullivanCotter compensation consulting firm. Ms. Mitchell noted the value of the public benefit corporation's post-retirement health insurance benefit is excluded from the total compensation benchmarking review. There was a discussion about the rationale for the exclusion of that benefit. It was decided that Mr. Woods would review this with SullivanCotter and determine whether SullivanCotter should analyze the value of that benefit.

Executive Salary Adjustments

The benchmarking study was reviewed with respect to the Executive base salaries as well as total compensation benchmarking. The Committee noted a two percent across the board compensation increase for fiscal year 2019. This is below the benchmark of 2.05% identified in the study. Dr. Johnson discussed the reasons for the 2% across the board pay increase. Mr. Sexton noted that the law gives the Board, and by extension this Committee, responsibility for the CEO's compensation, and the executive staff's compensation is within the CEO's authority.

On motion by Ms. Mitchell, seconded by Ms. Gioia and unanimously carried, the benchmarking study by SullivanCotter and the compensation increase determined by the CEO was unanimously approved.

Review of Business Judgment Factors for Executive Compensation Levels

The Committee then turned to the Business Judgment Factors summarized in the Committee book for those listed employees whose total compensation sits above the 75th percentile. This was a subset of the Executive team. The judgment factors were reviewed. Mr. Sears mentioned that he has reviewed the business judgment factors in detail and is comfortable with them.

Ms. Mitchell made a motion to proceed to Executive Session for review and evaluation of the achievement of strategic goals by the Executive Management team and the Chief Executive Officer under the Executive Variable Compensation Plan and the CEO Compensation Program, both of which will involve discussion of the strategic and competitive plans for the Institution. That motion was seconded by Ms. Gioia and unanimously approved.

Variable Pay Program

In Executive Session, FY'18 variable compensation goals accomplishment to date was reviewed for the 3rd quarter. There was also a discussion of the cost of the program. That cost was identified as an estimate and it was noted that this is comparable to last year. Mr. Sears noted that as a percentage of overall revenues for the Institution, the variable compensation plan is less than .5% of revenues, which, as was pointed out by the compensation consultant, is well below benchmarks. Mr. Sears discussed the justification and rationale for this program, noting that it is an industry best practice. SullivanCotter has also reviewed this program on multiple occasions and issued a reasonable analysis identifying that the program is reasonable and well within benchmarks for the industry. Mr. Sears noted that the Compensation Committee and compensation practices for the Institution are much more mature and well thought out. Final results for the variable compensation plan will be presented to the Committee at the June, 2018 Committee meeting.

Proposed FY'19 Organizational and Individual Goals

The Committee also reviewed the proposed goals for the Executive staff for the variable compensation plan for FY'19. Dr. Johnson's goals for both FY'18 and FY'19 were reviewed. It was noted that she has a significant number of goals compared to the other staff, but it was noted that she takes other Executives goals within her goals.

Ms. Mitchell made a motion to approve the proposed goals for the FY'19 Variable Compensation Plan, which was seconded by Ms. Gioia and unanimously carried.

Summary of CEO's LTIP Goals

The LTIP goals for Dr. Johnson are weighted towards the CCSG and the strategic plan, and were reviewed. Dr. Johnson's performance for the 1st plan (2016-2018) were reviewed. *There was a motion by Ms. Mitchell to approve, seconded by Ms. Gioia and unanimously carried.*

Staff were excused and Ms. Mitchell, Mr. Sears and Ms. Gioia had a discussion about the Chief Executive Officer's compensation. During that conversation, the Committee expressed approval for the 2% raise scheduled for the CEO for FY'19.

On motion by Ms. Mitchell, seconded by Ms. Gioia, the meeting returned to Open Session.

Upon return to Open Session, a dashboard of Executive demographics and compensation practices was reviewed.

There being no further business, on motion by Ms. Gioia, seconded by Ms. Mitchell and unanimously carried, the meeting the adjourned.


Michael B. Sexton, Secretary