

Memorandum

To: Finance Committee
Copy: Board of Managers
From: Jonny F. Hipp, Administrator
Date: September 1, 2017
Re: Administrator's Employment Agreement – Performance Goal Pay Calculation for Fiscal Year Ending September 30, 2017

BACKGROUND:

The Administrator's Employment Agreement ("Agreement") was entered into August 2014 for the four-year term October 1, 2014 – September 30, 2018 and was first amended in 2015 then attempting to better clarify "controllable expense," a term used to determine achievement of certain Performance Goals under the Agreement. Paragraph 3 of the Agreement relates to Compensation and subparagraph (b) thereof provides for Performance Goal Pay based on reasonable achievement of Performance Goal(s) set forth in Attachment "A."

DISCUSSION:

It is now understood that certain uncontrollable expenditures classified as "controllable expense" should be categorized otherwise for fiscal year ending September 30, 2017 as described below.

- **Performance Goal Pay.** The following expenditures should be excluded from the calculation used to determine Performance Goal Pay:
 - Intergovernmental Transfers; and
 - County Healthcare Funding.

REQUESTED ACTION:

Authorize the Board Chairman to negotiate and execute a second amendment to the Agreement to provide for exclusion of (1) Intergovernmental Transfers and (2) County Healthcare Expenditures from the Performance Goal Pay-related "controllable expense" calculation for fiscal year ending September 30, 2017.

Jonny F. Hipp