



Agenda

Special Meeting of Board of Directors

Wednesday, June 21, 2017

4:30 p.m.

SMG Administrative Board Room - DeVos Place®

Skywalk Level

303 Monroe Avenue, NW, Grand Rapids, MI

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|----|---|---------------|
| 1. | Call to Order | Steve Heacock |
| 2. | Approve 2017 Contribution to the Executive Director
Longevity Incentive Plan | Action |
| 3. | Public Comment | |
| 4. | Adjournment | |

Next Meeting Date: Friday, August 4, 2017

Sue Waddell

From: jkwech@deloitte.com
Sent: Tuesday, April 04, 2017 2:17 PM
To: Steve.Heacock@spectrumhealth.org
Cc: mecole@deloitte.com
Subject: RE: Phone Call: Jennifer Kwech | Steve Heacock
Attachments: CAA - Rich MacKeigan_ DRAFT Survey Benchmarking_04042017.pdf

Hi Steve,

I hope this email finds you well! I apologize for the delay in getting back to you on this [REDACTED] request for Rich MacKeigan.

As we discussed, we know Rich is currently employed by SMG and his title is the 'Regional General Manager' for the Van Andel Arena [REDACTED]. We also understand he receives an additional stipend [REDACTED] from the County Arena/Convention Authority (CAA) in Grand Rapids for the work he does "above and beyond" his scope of responsibilities and is really acting in an "Executive Director" role for the convention center/arena that brings in about \$10-\$15 million a year.

When we looked for available survey job matches in our published surveys, unfortunately "general manager" jobs did not exist. Accordingly we pulled market data for a 'Top Operations Executive' and a 'Top Division Executive' in the leisure/hospitality/entertainment industry at organizations with annual revenues less than \$500 million. That is the closest we were able to scope the market data without performing a custom survey.

As you will see in the attached Exhibit below, we have summarized the 25th, 50th and 75th percentile market data for base salary, total cash compensation ("TCC" or the sum of base salary and annual bonus) and total direct compensation ("TDC" or the sum of TCC and long-term incentives). The market data for a 'Top Operations Executive' and a 'Top Division Executive' is very similar and you can see the survey job descriptions in Exhibit II. The market data has been "aged" to a common effective date of July 1, 2017.

I am more than happy to walk you through this analysis at your convenience and discuss next steps.

Thanks and kind regards,
Jenny

Jennifer Lynne Kwech
Human Capital – Actuarial, Rewards & Analytics
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 Please consider the environment before printing.

-----Original Appointment-----

From: Steve.Heacock@spectrumhealth.org [<mailto:Steve.Heacock@spectrumhealth.org>]
Sent: Monday, March 6, 2017 10:57 AM
To: Steve.Heacock@spectrumhealth.org; Kwech, Jennifer Lynne (US - Chicago)
Subject: Phone Call: Jennifer Kwech | Steve Heacock

When: Thursday, March 9, 2017 10:30 AM-11:00 AM (UTC-05:00) Eastern Time (US & Canada).

Where: Jennifer, please call Steve at 616-391-2590

Phone meeting to discuss market studies

Jennifer Kwech will call Steve Heacock at 616-391-2590 10:30AM EST Thursday, March 9, 2017.

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Analysis of Competitive Pay Levels for
General Manager at Grand Rapids-Kent County Convention/Arena Authority (CAA)

Exhibit I

Competitive Survey Data ⁽¹⁾ ⁽²⁾									
Position	Base Salary			Total Cash Compensation ⁽³⁾			Total Direct Compensation ⁽⁴⁾		
	25th Percentile	50th Percentile	75th Percentile	25th Percentile	50th Percentile	75th Percentile	25th Percentile	50th Percentile	75th Percentile
Top Operations Executive	\$174.2	\$219.6	\$286.7	\$217.8	\$275.9	\$375.0	\$259.5	\$343.3	\$477.1
Top Division Executive	\$168.6	\$215.1	\$310.0	\$203.4	\$272.3	\$437.6	\$244.3	\$338.3	\$537.6

⁽¹⁾ The compensation data has been "aged" 3.0% per year to July 1, 2017 in order to account for expected salary inflation based on merit increase information from the 2016-2017 WorldatWork Salary Budget Survey for Executives and Officers in the Arts, Entertainment & Recreation industry.

⁽²⁾ Competitive data has been gathered from three published survey sources: 2017 Salary.com, 2016 Mercer Executive Compensation Survey and 2016 Towers Watson Top Management Compensation Report. Data reflects predicted pay levels of leisure/hospitality organizations with annual revenues of less than \$500 million, where available.

⁽³⁾ Total cash compensation ("TCC") includes the sum of the base salary and actual bonus earned for the year.

⁽⁴⁾ Total direct compensation ("TDC") is the sum of the TCC and Long-Term Incentive ("LTI") opportunity (i.e., the grant-date value of stock options, restricted stock, and other awards).

Analysis of Competitive Pay Levels for
 General Manager at Grand Rapids-Kent County Convention/Arena Authority (CAA)

Exhibit II

Survey Sources and Position Matches			
Title	Towers Watson - 2016 U.S. Top Management Compensation Survey Report	2016 Mercer Benchmark Database Executive Compensation Survey	2017 Salary.com
Top Operations Executive	<p>Nonmanufacturing Operations Management Executive: Manages, directs and coordinates all or a major segment of the organization's operations in a nonmanufacturing environment/industry. Plans, develops and manages the fulfillment and technical services functions in order to increase customer satisfaction and profitability. May formulate policies, forecast requirements for manpower, technology and facilities and develop quality standards.</p>	<p>Top Operations Executive: Responsible for effective operations within a manufacturing or non-manufacturing organization. Develops and implements operating policies and procedures across functions such as: customer service, quality control standards (may also include ISO certification), purchasing, inventory control, materials management, distribution and facilities maintenance and planning. Conducts and reviews feasibility of new or revised systems and procedures. Manages the internal audit process to ensure compliance with organizational standards. Frequently reports to a Chief Executive Officer or Chief Operating Officer.</p>	<p>Top Operations Executive: Plans and directs all aspects of an organization's non-manufacturing operational policies, objectives, and initiatives. Develops policies and procedures for operational processes in order to ensure optimization and compliance with established standards and regulations. Requires a bachelor's degree with at least 15 years of experience in the field. Demonstrates expertise in a variety of the field's concepts, practices, and procedures. Relies on extensive experience and judgment to plan and accomplish goals. Performs a variety of tasks. Leads and directs the work of others. A wide degree of creativity and latitude is expected. Typically reports to top management.</p>
Top Division Executive	<p>Division Head: Has primary responsibility for the profitability and growth of a division, which typically represents a small to moderate portion of corporate revenues (less than 15%). Sets the overall strategic direction for the division that may include a range of activities (e.g., sales, marketing, operations, staff functions). Typically reports to the head of a segment or head of a larger division.</p>	<p>Top Division Executive: This position is the chief executive or president for a division. The employee is responsible for the direction, management, and performance of a division which functions as a profit center. This position typically supervises both sales and marketing and operations, and may have responsibility for divisional accounting, purchasing, personnel, engineering, and/or financial functions. Frequently reports to the Chief Executive Officer of a Corporation, Subsidiary, or Group. Note: Reporting entity is Division. This is generally a single incumbent position. Only one employee, the most senior individual, per organization entity should be reported.</p>	<p>Top Division Executive: Plans and directs a division's activities, policies, objectives, and initiatives according to the mission of the organization. Ensures the division meets budgeted financial goals and objectives. Requires a bachelor's degree with at least 15 years of experience in the field. Familiar with a variety of the field's concepts, practices, and procedures. Relies on extensive experience and judgment to plan and accomplish goals. Performs a variety of tasks. Leads and directs the work of others. A wide degree of creativity and latitude is expected. Typically reports to top management.</p>