

AGENDA
EXECUTIVE COMPENSATION COMMITTEE OF THE
EL CAMINO HOSPITAL BOARD OF DIRECTORS

Thursday, April 2, 2020 – 4:00pm

El Camino Hospital | 2495 Hospital Drive, Mountain View, CA 94040

PURSUANT TO STATE OF CALIFORNIA EXECUTIVE ORDER N-29-20 DATED MARCH 18, 2020, EL CAMINO HEALTH WILL NOT BE PROVIDING A PHYSICAL LOCATION FOR THIS MEETING. INSTEAD, THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION MEETING VIA TELECONFERENCE AT:

1-866-365-4406, MEETING CODE: 9407053#

PURPOSE: To assist the El Camino Hospital (ECH) Board of Directors (“Board”) in its responsibilities related to the Hospital’s executive compensation philosophy and policies. The Executive Compensation Committee shall advise the Board to meet all applicable legal and regulatory requirements as it relates to executive compensation.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER/ROLL CALL	Bob Miller, Chair		4:00-4:01pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Bob Miller, Chair		4:01 – 4:02
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Bob Miller, Chair		information 4:02 – 4:05
4. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the ECC Meeting (11/7/2019) Information b. Progress Against FY20 ECC Goals c. Board Approvals: Chief Quality Officer	Bob Miller, Chair	<i>public comment</i>	motion required 4:05 – 4:06
5. REPORT ON BOARD ACTIONS ATTACHMENT 5	Bob Miller, Chair		information 4:06 – 4:11
6. REVIEW EXECUTIVE COMPENSATION POLICIES a. Compensation Philosophy b. Base Salary Administration Policy c. Executive Performance Incentive Plan Policy ATTACHMENT 6	Kathryn Fisk, CHRO	<i>public comment</i>	possible motion(s) 4:11 – 4:21
7. FY21 PLANNING a. Proposed FY21 ECC Goals b. Proposed FY21 ECC Meeting Dates	Kathryn Fisk, CHRO	<i>public comment</i>	possible motion 4:21 – 4:31
8. ADJOURN TO CLOSED SESSION	Bob Miller, Chair		motion required 4:31 – 4:36
9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Bob Miller, Chair		information 4:36 – 4:37

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
10. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval <i>Gov't Code Section 54957.2:</i> a. Minutes of the Closed Session of the ECC Meeting (11/7/2019)	Bob Miller, Chair		motion required 4:37 – 4:38
11. Health & Safety Code 32016(b) for a report and discussion on health care facility trade secrets: - Strategic Deployment Metric Performance Update	Dan Woods, CEO		discussion 4:38 – 5:18
12. Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters: - Leadership Development and Succession Plan Update	Kathryn Fisk, CHRO		discussion 5:18 – 5:23
13. ADJOURN TO OPEN SESSION	Bob Miller, Chair		motion required 5:23 – 5:28
14. RECONVENE OPEN SESSION/ REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	Bob Miller, Chair		information 5:28 – 5:29
15. FY20 PACING PLAN <u>ATTACHMENT 15</u>	Bob Miller, Chair		discussion 5:29 – 5:30
16. CLOSING COMMENTS	Bob Miller, Chair		discussion 5:30 – 5:34
17. ADJOURNMENT	Bob Miller, Chair	<i>public comment</i>	motion required 5:34 – 5:35pm

Upcoming Meetings: Regular Meetings: May 28, 2020



**Minutes of the Open Session of the
Executive Compensation Committee
of the El Camino Hospital Board of Directors
Thursday, November 7, 2019
El Camino Hospital | Conference Room A (ground floor)
2500 Grant Road, Mountain View, CA 94040**

Members Present

Teri Eyre
Jaison Layney
Julie Kliger, Vice Chair
Bob Miller, Chair
George Ting, MD
Pat Wadors
John Zoglin

Members Absent

None

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session meeting of the Executive Compensation Committee of El Camino Hospital (the “ <u>Committee</u> ”) was called to order at 4:00pm by Chair Bob Miller. A silent roll call was taken. Mr. Zoglin joined the meeting at 4:01pm during Agenda Item 4: Consent Calendar. All other Committee members were present at roll call.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Miller asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were noted.	
3. PUBLIC COMMUNICATION	None.	
4. CONSENT CALENDAR	<p>Chair Miller asked if any member of the Committee or the public wished to remove an item from the consent calendar.</p> <p>Chair Miller requested and the Committee agreed to update the following metrics for the FY20 ECC Goals:</p> <ol style="list-style-type: none"> 1. For goal #2, “Evaluate the effectiveness of the independent compensation consultant and the Committee”: the Committee Chair rather than the Board Chair reviews the cost/value of the consultant. 2. For goal #3, “Review Leadership Development/Succession Planning”: the first metric should read “Committee completes review of the CEO review process and makes recommendation(s) to the Board.” <p>Ms. Kliger requested that materials related to the CEO Evaluation clearly explain what “the tool” is: the assessment form completed by Board members, which includes a few questions specifically for the District Board.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Executive Compensation Committee Meeting (9/19/2019); and for information: Progress Against FY20 ECC Goals (as updated above); FY20 CEO Performance Assessment Timeline (as modified above); FY20 Organizational Goal Update; Article of Interest.</p> <p>Movant: Ting Second: Layney Ayes: Eyre, Kliger, Layney, Miller, Wadors, Ting, Zoglin Noes: None Abstentions: None</p>	<i>Consent calendar approved</i>

	<p>Absent: None Recused: None</p>	
<p>5. REPORT ON BOARD ACTIONS</p>	<p>Chair Miller referred to the recent Board approvals as further detailed in the packet, including the approval of the FY20 CEO Base Salary.</p> <p>Dan Woods, CEO, reported that Bob Rebitzer and Julie Klinger were re-appointed to the El Camino Hospital Board at the October 22, 2019 District Board meeting.</p>	
<p>6. LETTER OF REBUTTABLE PRESUMPTION OF REASONABLENESS</p>	<p>Lisa Stella from Mercer reported that the purpose of the letter is to document for IRS purposes the process, data used, and actions taken by the Board and the Committee (acting with delegated authority) related to executive compensation for certain executives. She noted that there is no new information in the letter; it is a summary of the last year.</p> <p>In response to questions, Ms. Stella and Chair Miller described the calculation of the geographic differential using Economic Research Institute data between the local area and the national market. Ms. Stella reported that the current differential is 28% for Mountain View and Silicon Valley (average across several cities in Santa Clara County), and ECH applies a 25% differential to its salary data, per policy approved by the Committee and the Board. She noted that the annual review ensures that the geographic differential applied continues to be appropriate. Ms. Eyre suggested using more regional (<i>i.e.</i>, San Francisco Bay Area) rather than hyper-local numbers.</p> <p>Ms. Eyre suggested that the Committee look holistically at compensation and consider 1) what are the critical roles for the organization and are we compensating those roles accordingly and 2) to what degree are we using compensation tools in service of our succession strategy?</p> <p>Chair Miller requested that survey sources and range of revenue sizes for compensation surveys be included in the narrative part of the letter, mirroring the language for the benefits section. He also requested that the letter include two exhibits, one for the executive team and one for the CEO separately to be presented to the Board.</p> <p>Motion: To adopt and recommend that the Board approve the Letter of Rebuttable Presumption of Reasonableness with changes described above.</p> <p>Movant: Wadors Second: Layney Ayes: Eyre, Klinger, Layney, Miller, Wadors, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Letter of Rebuttable Presumption of Reasonableness recommended for approval</i></p>
<p>7. ASSESS EFFECTIVENESS OF DELEGATION OF AUTHORITY</p>	<p>The Committee discussed the effectiveness of delegation of authority to the Committee, including 1) encouraging the Board to review this area as well, 2) the level of comfort with the work, and 3) how the Committee is a better forum for deeper discussion with subject matter experts. The Board members on the Committee described the differing views of delegations of authority on the Board and the general level of comfort with the process. Mr. Zoglin commented that the Board should not be accepting 100% of recommendations from Committees.</p>	

**8. REVIEW EXECUTIVE
COMPENSATION
POLICIES**

Executive Compensation Philosophy

Ms. Kliger suggested additional threshold criteria for executive incentive payouts related to quality or other critical organizational functions. Ms. Johnston explained that the organization previously used accreditation by the Joint Commission (a triennial survey) as a threshold goal. Ms. Stella noted that most organization use “triggers” in their performance incentive plan rather than in their compensation philosophy; the majority of hospitals use a goal related to financial stewardship and only 20-30% use a quality threshold goal. The Committee and staff discussed 1) the inclusion of additional criteria for corporate stewardship, like labor disputes, significant CMS fines, quality goals, or other “third rail” events that would pre-empt incentive payment, 2) utilizing an exception/adjustment clause in the incentive plan to cover unforeseen circumstances, 3) language regarding a Code of Conduct (which is covered by the employment agreements) and forfeiture of payments, and 4) whether or not to articulate institutional (rather than individual) failure points in the philosophy.

In response to Ms. Eyre’s question, Ms. Johnston explained that for the Executive Performance Incentive Plan (EPIP), executives must “meet expectations” overall on their performance review.

Mr. Woods explained that there are long-term strategic organizational goals, which were established in FY18 through FY22. He noted that there currently is no long-term incentive plan. Ms. Kliger suggested that there should be clarity around the methodology for how the short-term goals are milestones for the longer-term (3-5) year goals.

The Committee requested the following revisions:

1. Refer consistently to “health system” rather than “Hospital” where appropriate, but coordinate with Legal/Governance Services on the appropriate nomenclature.
2. Section D(1): remove “with the ability and dedication to manage the Hospital accordingly.”
3. Section D(2): “Support the Hospital’s mission and vision, achievement of long and short-term goals, **and stewardship of the health system mission**” [addition of language in bold].
4. Section D(4): substitute “ability to fund” for “ability to pay.”
5. Section E(2): remove reference to a discretionary component and amended and restate the second sentence as follows: “An executive’s performance incentive payout will be based on their performance against individual and organizational goals.”
6. Section G (Comparable Hospital): “comparable in size and complexity to the Hospital based on net operating revenue.”
7. Section G (El Camino Hospital Median): remove the specific reference to the 25% differential (the second sentence).
8. Section G (Other Cash Compensation): remove specific reference to home loans and say relocation “assistance” rather than “reimbursement,” which could include home loans.
9. Section G (Salary Range Midpoint): substitute “adjust” for “increase” to cover movement of salary ranges in both directions; amended and restated as “The Committee may elect not to adjust salary ranges when financially prudent.”

The Committee agreed not to hardwire the 25% geographic differential in the philosophy.

The Committee requested clarification on “El Camino Health” and how it should be used in these documents.

Mr. Woods explained that the financial trigger for the FY20 goals is based on the consolidated enterprise financials, which includes SVMD, not just the Hospital’s standalone financials.

The Committee expressed no concerns with the rest of the proposed changes for the Philosophy.

*Generally, the Committee requested that all changes be made consistently across all of the policies.

Salary Administration

1. Section D(1)(a): substitute “adjust” for “increase” to cover movement of salary ranges in both directions; amended and restated as “The Committee may elect not to adjust salary ranges when financially prudent.”*

The Committee expressed no concerns with the rest of the proposed changes for this policy.

Executive Performance Incentive Plan

1. Section C: Remove discretionary reference
2. Section D(1)(a): Clarify and simplify the proration of an incentive bonus for a promoted individual; amended and restated as “If an employee is promoted into an executive position during the fiscal year, the executive’s bonus payout will be prorated based on the length of their participation in the management and executive performance incentive plans.”
3. Section D(4): Remove reference to the “Hospital will define goals..” and instead state that “each fiscal year, **individual goals will be defined for each executive** that support the strategic/business plan...”
4. Section D(5): Notate the table with an example of the weighting of the individual goals, and showing that these numbers are percentages (of achievement) of a percentage (of base salary) to determine payout.
5. Section D(6): In the chart, change the header “Minimum” to “Below Threshold.”
6. New subsection in Section D (between 6 and 7): Add a separate exception clause to allow for changes based on unusual or unforeseen circumstances. The Committee would have the authority to approve individual goals/metrics changes and make recommendation to the Board for changes to organization goals/metrics. Under the proposed change, the Board would approve any changes to the organization goals/metrics. In addition, add a clause that the Committee can recommend and the Board can approve adjustment and/or suspension of payouts.

The Committee further discussed the process for modifying individual goals or establishing them for new executives. They voiced support that the Chair of the Committee would provide recommendations to the CEO on proposed revisions to an individual executive’s goal. Ms. Wadors and Ms. Eyre expressed concerns about the responsiveness of the process and commented that the CEO should be empowered and delegated authority to make goal adjustments. Other members commented that revisions should be approved by either the Committee or the Board to ensure oversight.

The Committee suggested that the process be as follows: 1) CEO reviews

	<p>proposed goal revisions or new goals with the ECC Chair; 2) the revisions/new goals are taken to the next ECC or Board meeting, whichever is first, for review and approval; and 3) the approved goals are provided to either the Board or Committee (whichever body did not approve the change) at their next meeting for information.</p> <p>The Committee discussed the Committee’s review of the organizational goals, reviewing the structure while the Quality and Finance review content.</p> <p>Motion: To approve in concept the proposed changes be made to the Executive Compensation Philosophy, Salary Administration Policy, and Executive Performance Incentive Plan policies and to direct staff to bring back revised drafts of the policies for the Committee’s review and approval at the Committee’s next meeting.</p> <p>Movant: Wadors Second: Layney Ayes: Eyre, Kliger, Layney, Miller, Wadors, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p> <p>Ms. Johnston explained that Mercer will be conducting a benefits review and the Benefits Policy will be reviewed at the Committee’s next meeting.</p>	
<p>9. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 5:49pm.</p> <p>Movant: Zoglin Second: Kliger Ayes: Eyre, Kliger, Layney, Miller, Wadors, Ting, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 4:22pm</i></p>
<p>10. AGENDA ITEM 14: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 5:37pm. Agenda items 10-13 were addressed in closed session. Ms. Kliger and Ms. Wadors left the meeting during the closed session.</p> <p>During the closed session, the Committee approved the Minutes of the Closed Session of the Executive Compensation Committee Meeting (9/19/2019) by a unanimous vote in favor of all members present (Eyre, Kliger, Layney, Miller, Wadors, Ting, Zoglin) and the Proposed FY20 President, Foundation Goals, and the Proposed Revised FY20 General Counsel Goals by a unanimous vote in favor of all members present (Eyre, Layney, Miller, Ting, Zoglin). Ms. Kliger and Ms. Wadors were absent.</p> <p>Ms. Stella clarified that the revisions to the Letters of Rebuttable Presumption of Reasonableness include:</p> <ul style="list-style-type: none"> - Separate exhibits for the CEO and executive data - Specific revenue cuts for each of the compensation surveys - Removal of a comment in the methodology section on including general industry benefits data <p>These edits will be incorporated into the version presented to the Board for approval.</p>	

	Ms. Stella left the meeting and Mr. Woods discontinued participation in the meeting.	
11. AGENDA ITEM 15: 6-MONTH EXECUTIVE COMPENSATION CONSULTANT REVIEW	The Committee discussed the timing of an RFP for next year and requested more information on this topic (dates of the original contract, the dates of the extension recommended and approved by the Committee, and next steps/pacing). The Committee and staff also reviewed the effectiveness of the executive compensation consultant.	<i>Staff to provide more information regarding RFP</i>
12. AGENDA ITEM 16: FY20 PACING PLAN	The Committee requested adding a meeting in January/February 2020 for the benefits review and to finalize the policy revisions from this meeting.	
13. AGENDA ITEM 17: CLOSING COMMENTS	Chair Miller thanked the Committee for the work in this meeting.	
14. AGENDA ITEM 18: ADJOURNMENT	Motion: To adjourn at 6:20pm. Movant: Zoglin Second: Kliger Ayes: Eyre, Layney, Miller, Ting, Zoglin Noes: None Abstentions: None Absent: Kliger, Wadors Recused: None	<i>Meeting adjourned at 6:20pm</i>

Attest as to the approval of the foregoing minutes by the Executive Compensation Committee and the Board of Directors of El Camino Hospital.

 Bob Miller
 Chair, Executive Compensation Committee

 Julia E. Miller
 Secretary, ECH Board of Directors

Prepared by: Sarah Rosenberg, Contracts Administrator/Governance Services EA

FY20 COMMITTEE GOALS

Executive Compensation Committee

Update for 4/2/20 Meeting

PURPOSE

The purpose of the Executive Compensation Committee (the "Committee") is to assist the El Camino Hospital (ECH) Hospital Board of Directors ("Board") in its responsibilities related to the Hospital's executive compensation philosophy and policies. The Committee will advise the Board to meet all legal and regulatory requirements as it relates to executive compensation.

STAFF: **Kathryn Fisk**, Chief Human Resources Officer (Executive Sponsor); **Julie Johnston**, Director, Total Rewards;
Cindy Murphy; Director of Governance Services

The CHRO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. The CEO, and other staff members as appropriate, may serve as a non-voting liaison to the Committee and may participate at the discretion of the Committee Chair. These individuals shall be recused when the Committee is reviewing their individual compensation.

GOALS	TIMELINE	METRICS
1. Advise the Board ensuring strategic alignment and proper oversight of compensation-related decisions including performance incentive goal-setting and plan design	<ul style="list-style-type: none"> - Review and recommend FY19 Org Scores (Q1) - Review and approve FY19 Individual Scores and Payout amounts (Q1) - Review and recommend approval of letter of reasonableness (Q3) - Review and approve FY21 executive base salaries (not including the CEO) (Q4) - Review and recommend proposed FY21 organizational goals (Q4) - Review and approve FY21 individual goals (Q4) 	<ul style="list-style-type: none"> - Board approves FY19 organizational score (Q1/2) – COMPLETED - Committee approves FY19 Executive Performance Incentive Scores and Payouts (Q1) – COMPLETED - Board approves Letter of Reasonableness (Q3) – COMPLETED - Committee approves FY21 executive base salaries (not including the CEO) (Q4) – ON TRACK - Board approves FY21 organizational goals (Q4) – ON TRACK - Committee approves FY21 individual goals (Q4) – ON TRACK
2. Evaluate the effectiveness of the independent compensation consultant and the Committee	<ul style="list-style-type: none"> - Review consultant performance (Q2) - Complete ECC self-assessment (Q3) 	<ul style="list-style-type: none"> - Complete assessment of consultant (Q2) – COMPLETED - Committee Chair reviews cost/value of consultant (Q2) – COMPLETED - Committee discusses results of self-assessment (Q4) – ON TRACK
3. Review Leadership Development/Succession Planning	<ul style="list-style-type: none"> - Review CEO FY19 performance review process (Q1) - Review Leadership Development and Succession Plan (Q4) 	<ul style="list-style-type: none"> - Committee completes review of the CEO review process and makes recommendation(s) to the Board (Q1) – COMPLETED - CHRO updates Committee on leadership (Q4) – ON TRACK

SUBMITTED BY: Chair: Bob Miller | **Executive Sponsor:** Kathryn Fisk

Approved by the ECH Board of Directors 6/12/2019. Updated 1-14-20jj

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING COVER MEMO**

To: Executive Compensation Committee
From: Kathryn Fisk, CHRO
Date: April 2, 2020
Subject: Board Approvals: Chief Quality Officer

Purpose:

To update the Committee on actions taken by the Board related to the Chief Quality Officer (CQO).

Summary:

1. **Situation:** The Board approved adding the Chief Quality Officer (CQO) as a participating position in the Executive Compensation Plan “Plan”. In addition, they approved the salary range.
2. **Authority:** Normally, the Committee would approve the salary range and the Board would approve participation in the Plan based on the Committee’s recommendation. As a job offer was extended contingent on Board approval, the approval process was expedited.
3. **Background:** Mercer prepared an independent market analysis that informed the decision. The Committee and Board chairs were involved and informed before the job offer was made.
4. **Assessment:** N/A
5. **Other Reviews:** N/A
6. **Outcomes:** The Board approved a base salary for the candidate who subsequently declined the position. The salary range below was approved.

Minimum	Midpoint	Maximum
\$422,400	\$528,000	\$633,600

List of Attachments:

1. Executive Compensation Philosophy (excerpt, list of Plan Participants)

Suggested Committee Discussion Questions: None

Approved Participants in Executive Compensation Program

Job Title	Name
Chief Admin Svcs Officer	Kenneth K. King
Chief Executive Officer	Daniel J. Woods
Chief Financial Officer	Vacant
Chief Human Resources Officer	Kathryn M. Fisk
Chief Information Officer	Deborah A. Muro
Chief Medical Officer	Mark C. Adams, MD
Chief Nursing Officer	Cheryl L. Reinking
Chief Operating Officer	James D. Griffith
Chief Strategy Officer	Vacant
General Counsel	Mary Lynn Rotunno
President Foundation	Andrew Cope
President, Silicon Valley Medical Development	Bruce A. Harrison
VP Corp & Comm Hlth Svcs	Cecile S. Currier*
VP Payor Relations	Joan M. Kezic*
Chief Quality Officer	Vacant

*These executives are considered grandfathered participants and shall continue to be eligible for the Executive Compensation Program as long as the individual remains in an executive position with El Camino Hospital.

Note: Executives hired on an interim basis are not eligible for the Executive Compensation and Benefits Program.

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING COVER MEMO**

To: Executive Compensation Committee
From: Cindy Murphy, Director of Governance Services
Date: April 2, 2020
Subject: Report on Board Actions

Purpose:

To keep the Committee informed with regards to actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

Summary:

1. **Situation:** It is important to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive, but includes agenda items the Board voted on that are most likely to be of interest to or pertinent to the work of El Camino Hospital's Board Advisory Committees.
2. **Authority:** This is being brought to the Committees at the request of the Board and the Committees.
3. **Background:** Since the last Executive Compensation Committee meeting, the Hospital Board has met five times and the District Board has met twice. In addition, since the Board has delegated certain authority to the Compliance and Audit Committee, the Finance Committee and the Executive Compensation Committee those approvals are also noted in this report.

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
ECH Board	November 6, 2019	<ul style="list-style-type: none"> - Revised Committee Charters - FY20 Board Action Plan (attached) - Resolution 2019-12 Authorizing Forward Starting Interest Rate Hedge - Revised FY20 Pathways Home Health and Hospice Budget - Annual Safety Report for the Environment of Care <p><i>Recommended that the ECHD Board:</i></p> <ul style="list-style-type: none"> - Approve a Revised Process for Election and Re-Election of Non-District Board Members to the El Camino Hospital Board of Directors
	December 11, 2019	<ul style="list-style-type: none"> - FY20 Periods 3 & 4 Financials - Revised SVMD, LLC Operating Agreement - Letters of Rebuttable Presumption of Reasonableness - Telepsych Services Agreement
	December 16, 2019	<ul style="list-style-type: none"> - Revised Resolution 2019-12 Authorizing Forward Starting Interest Rate Hedge

Report on Board Actions
April 2, 2020

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
ECH Board (cont'd)	February 12, 2020	<ul style="list-style-type: none"> - FY20 Periods 5 & 6 Financials - Revised Executive Compensation Philosophy Adding the Chief Quality Officer (CQO) as a Participant in the Executive Compensation Program - FY20 Chief Quality Officer Base Salary and Salary Range - Stroke Panel on Call Arrangement with Peter C. Fung MD - Appointment of Jack Po, MD to the Compliance and Audit Committee (left the Investment Committee) - Appointments to SVMD, LLC Board of Managers - Revised Quality Committee Charter (1) adding Chiefs of the Medical Staff as ex officio members and Vice Chiefs as alternates and (2) including review of Medical Staff Credentialing and Privileges Report as part of the Committee's scope of responsibility - Procedure for Delegating Authority to the Board's Committees - Appointments of Ken Alvares and Mike Kasperzak to the Governance Committee - FY20/21 Board Education Plan - Bariatric Surgery Call Panel - MV Interventional Radiology Call Panel
	March 11, 2020	<ul style="list-style-type: none"> - Medical Staff Report including the Credentials and Privileges Report - Relocation of Outpatient Behavioral Health Services Clinic
ECHD Board	December 11, 2019	<ul style="list-style-type: none"> - Revised Community Benefit Policy
	January 28, 2020	<ul style="list-style-type: none"> - Authorization of the CEO to Execute Consent Agreement transferring Grant Funds to Ravenswood under certain conditions - Revised Process for Election and Re Election of Non-District Board Members to the Hospital Board
Finance Committee	November 25, 2019	<ul style="list-style-type: none"> - LPCH NICU PT/OT Professional Services Agreement - LPCH Neonatologist Agreement
	January 27, 2020	<ul style="list-style-type: none"> - Los Gatos Urology Call Panel Renewal Agreement
Compliance and Audit Committee	January 23, 2020	<ul style="list-style-type: none"> - Annual Summary of Physician Financial Arrangements
Exec Comp Committee	-	<ul style="list-style-type: none"> - None since last report

4. Assessment: N/A

5. Other Reviews: N/A

6. Outcomes: N/A

List of Attachments: Board Action Plan (approved 11/6/2019)

Suggested Committee Discussion Questions: None.

Board Action Plan

	What	Who	By When	Current Status
Quality Oversight				
	Adopt a customized, actionable approach to effective quality. <ul style="list-style-type: none"> Review and discuss available approaches to quality oversight. Frameworks to consider might include IHI Framework for Governance of Health System Quality, AHRQ High Reliability Organizations, and LEAN Six Sigma among others. Identify and incorporate aspects from the different frameworks to create a customized approach to quality oversight at ECH. 	Quality Committee Chair, CMO	End Q1 2020	
	Hold an educational meeting or series of meetings focused on quality oversight. These sessions will provide: <ul style="list-style-type: none"> Additional education on the board's role in quality oversight including information on quality goals, indicators and how to interpret data. An opportunity to discuss how ECH defines quality and what the organization's approach should be. 	Quality Committee Chair, CMO	Scheduled for October 23, 2019	
Meeting Effectiveness				
	Restructure board meeting presentations to improve focus and promote dialogue.	CEO, Dir Gov Services	December 2019	
	Implement a board meeting evaluation to assess quality of materials, mechanics and results of the meeting.	Board Chair, CEO	September 2019	
Ongoing Governance Education/Training				
	Develop an intentional, multi-year strategy for ongoing board education. The intent would be to identify topics and modalities that would enhance the governance competencies and engagement of the ECH Hospital Board.	Governance Committee	December 2019	
Enhancing Board Culture				
	Convene board members outside the typical board meeting structure to facilitate greater cohesiveness and teamwork on a quarterly or bi-annual basis.	Board Chair, CEO, Dir Gov Services	Ongoing	

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING COVER MEMO**

To: Executive Compensation Committee
From: Kathryn Fisk, CHRO
Date: April 2, 2020
Subject: Review Executive Compensation Policies

Recommendation(s): (Possible Motion)

To recommend that the Board approve the changes to Executive Compensation Philosophy, Executive Base Salary Administration, and Executive Performance Incentive Plan policies.

Summary:

1. **Situation:** The Committee periodically reviews the policies and may make recommended changes to the Board for approval. Language in the policies needs to be updated for consistency across the policies and with the Committee's charter as amended on June 13, 2018. The Executive Benefit Policy will be reviewed at the April 2, 2020 Committee meeting as part of the presentation from and discussion with Mercer on executive benefit plan design.
2. **Authority:** The Committee's Charter defines the role of the Committee and the Board in the oversight and governance of Executive Compensation.
3. **Background:** The Committee reviewed and discussed changes at its November 7, 2019 meeting. The changes discussed at the meeting have been made to the attached documents. With the launching of the "El Camino Health" brand, additional changes were made in the policy when referring to leadership roles, goals, and measurements. Per the governance structure underlying the El Camino Health brand, El Camino Hospital is used when referring to the Board of Directors or the Executive Compensation Committee.
4. **Assessment:** For discussion by the Committee.
5. **Other Reviews:** N/A
6. **Outcomes:** Recommendations for policy language changes.

List of Attachments:

1. Executive Compensation Philosophy
2. Executive Salary Administration Policy
3. Executive Performance Incentive Policy

Suggested Committee Discussion Questions:

1. Does the philosophy support the mission, vision, values, and strategic goals of El Camino?
2. Do the policies help enable the Hospital to attract and retain executive talent?
3. Do the proposed changes create any concerns or issues that need to be addressed before making recommendations to the Board for approval?



**EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES
POTENTIAL REVISIONS FOR DISCUSSION AT 4/2/20 EXECUTIVE COMP
MEETING
DRAFT 3-20-20**

03.01 EXECUTIVE COMPENSATION PHILOSOPHY

A. Coverage:

The Chief Executive Officer (“CEO”) of El Camino Hospital and Health System (“El Camino Hospital”) and those executives reporting directly to the CEO and approved participants. Participation in the plan is subject to approval by the Hospital Board of Directors (see Attachment A).

B. Reviewed/Revised:

New: 2/08, 6/09, 12/08/10; 8/10/11, 2/13/13, 6/11/14, 10/12/16, 1/10/18, 2/14/18, 2/13/19, 2/12/20

Commented [JJ1]: Board approved including CQO as a participating position.

C. Policy Summary:

The compensation philosophy is the official statement of El Camino Hospital’s Board of Directors regarding the guiding principles and objectives upon which executive compensation decisions are based, and the general parameters and components for accomplishing these objectives.

The executive compensation program encompasses both cash compensation (salary, incentive pay, and other cash compensation) and non-cash compensation (employer provided benefit plans and perquisites) which in whole, represent total compensation/remuneration.

The program is governed by the Board of Directors and the Executive Compensation Committee which advises the Board to meet all applicable legal and regulatory requirements as it related to executive compensation and their effectiveness in attracting, retaining, and motivating executives.

The target competitive positioning for executive remuneration is:

- Base Salary – Executive base salaries are targeted on average at the 50th percentile of market data

- Total Cash Compensation - Base Salary plus actual performance incentive payouts is targeted, on average, at the 50th percentile and up to the 75th percentile of market data, dependent upon individual and organizational performance
- Total Remuneration - Total Cash plus the value of benefits is targeted, on average, between the 50th and 75th percentile of market data, dependent upon individual and organizational performance

D. Executive Compensation Philosophy:

The philosophy describes the guiding principles and objectives of the executive compensation program. Executive compensation decisions will be made using the following guiding principles and objectives:

1. Support ~~the Hospital's~~ El Camino's ability to attract, retain, and motivate a highly-talented executive ~~team team with the ability and dedication to manage the Hospital accordingly.~~
2. Support ~~the El Camino's~~ Hospital's mission and-vision and achievement ~~of of short and long-term~~ strategic goals and stewardship of the health system mission.
3. Encompass a total ~~compensation-remuneration~~ perspective in developing and administering cash compensation and benefit programs.
4. Considers ~~the El Camino's~~ Hospital's financial performance and ability to ~~pay fund~~ — which shall be balanced with the Hospital's ability to attract, retain and motivate executives.
5. Govern the executive compensation programs to comply with state and federal laws.

E. Components:

The three key components of the executive compensation program are base salary, performance incentive compensation, and benefits.

1. Base Salary. Each executive position will be assigned a salary range that is competitive with comparable ~~hospitals organizations~~ and accounts for the higher cost of labor in Silicon Valley.
2. Performance Incentive Compensation. Each executive will be eligible for a goal-based performance incentive compensation program. An executive's performance incentive payout will be based on their performance against pre-defined organizational and individual goals and ~~objectives measurements~~ aligned with ~~the Hospital's~~ El Camino's mission, vision, and strategic goals.
3. Executive Benefits and Perquisites. ~~El Camino The Hospital~~ may provide executives with supplemental benefits as described in the executive benefits

policy. It is the ~~El Camino's Hospital's~~ practice to minimize the use of perquisites in total executive compensation.

Commented [JJ2]: Propose simplifying and just refer to supplemental benefits (which could include what is perceived as a "perk")

F. Roles and Responsibilities:

1. The Executive Compensation Committee shall recommend and maintain written policies and procedures regarding the administration of each component.
2. The Hospital Board of Directors will approve all policy changes and approves all components of CEO compensation and benefits.
- ~~3.~~ The CEO has the authority to approve retention bonuses and hiring bonuses, relocation and housing assistance (including home loans) for other participants. The decisions will be reported to the Executive Compensation Committee.

G. Definitions

Comparable ~~Hospital Organizations~~ – To measure the competitiveness of the executive compensation program, ~~the Hospital-El Camino~~ will use, in general, compensation information from tax-exempt independent hospitals and health systems from across the United States comparable in size and complexity ~~to the Hospital. The hospitals will be comparable in size and complexity~~ based upon net operating revenues.

Competitive Position – A determination of where the ~~Hospital-El Camino~~ places executive salaries, incentives, and benefits relative to comparable hospitals-organizations nationally. El Camino's ~~Hospital's~~ competitive position for base salaries is the market median plus a geographic differential for the ~~Silicon Valley/San Francisco Bay Area~~.

Geographic Differential – Recognizes the significantly higher cost-of-labor in ~~the Silicon Valley/San Francisco Bay Area~~. The Committee will periodically analyze data to ensure the geographic differential is appropriate and accurately projecting the El Camino ~~Hospital~~ median.

El Camino ~~Hospital~~ Median – Reflects the median base pay of the comparable hospitals plus the geographic differential for a particular position. ~~The Hospital increases the data by 25% to calculate the El Camino Hospital median.~~

Other Cash Compensation – Other cash compensation excludes base salary and incentive pay but may include ~~a hiring and~~ retention and hiring bonuses and relocation reimbursement and housing assistance.

Salary Range - A range established as 20% below to 20% above the salary range midpoint, resulting in a maximum amount that is 150% of the minimum amount.

Salary Range Midpoint - The midpoint of the salary range for each executive position will be set at the El Camino ~~Hospital~~-Median. However, the Committee may elect to not adjust salary ranges.

Total Cash Compensation – includes base salary plus annual incentive compensation (and other cash) paid to an executive.

Total ~~Compensation~~-Remuneration – Total cash compensation plus the cost of employee and executive benefit programs.

Commented [JJ3]: ECC proposed adding financially prudent, but salary range change is not a cost change. ECC may want to not change range for a number of different reasons.

**ATTACHMENT A:
APPROVED PARTICIPANTS IN EXECUTIVE
COMPENSATION PROGRAM**
Effective ~~2/13/2014~~/159/20 (if Board approves change)

Job Title	Name
Chief Admin Svcs Officer	Kenneth K. King
Chief Executive Officer	Daniel J. Woods
Chief Financial Officer	Iftikhar Hussain Vacant
Chief Human Resources Officer	Kathryn M. Fisk
Chief Information Officer	Deborah A. Muro
Chief Medical Officer	Mark C. Adams, MD
Chief Nursing Officer	Cheryl L. Reinking
Chief Operating Officer	James D. Griffith
Chief Quality Officer	Vacant
Chief Strategy Officer	Vacant
General Counsel	Mary Lynn Rotunno
President Foundation	Joanne Royer Barnard Andrew Cope
President, Silicon Valley Medical Development	Bruce A. Harrison
VP Corp & Comm Hlth Svcs/ President Concern	Cecile S. Currier *
VP Payor Relations	Joan M. Kezic*

*~~These executives~~ ~~is~~ ~~are~~ considered a grandfathered participants and shall continue to be eligible for the Executive Compensation Program as long as the individual remains in an executive position with El Camino ~~Hospital~~. Executive has been deemed a non-disqualified person.

Note: Executives hired on an interim basis are not eligible for the Executive Compensation and Benefits Program.

**EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES
POTENTIAL REVISIONS FOR DISCUSSION
DRAFT 2-6-20
1-22-20**

03.02 EXECUTIVE BASE SALARY ADMINISTRATION

A. Coverage:

The Chief Executive Officer (“CEO”) of El Camino Hospital ~~and Health~~ (“~~the Hospital~~El Camino”) and those executives reporting directly to the CEO ~~and those in other approved positions.~~ ~~or COO~~. Participation in the plan is subject to approval by the Hospital Board of Directors

C.B. Reviewed/Revised:

New 9/15/09, 12/08/10, 2/13/13, 6/11/14, 10/12/16, 2/14/18

D.C. Policy Summary:

Base salary is one component of the executive total ~~compensation-remuneration~~ program which includes benefits, performance incentive pay, and other cash compensation. This policy defines how a salary range is established and provides guidelines for determining an individual’s placement in the range. The program is governed by the Board of Directors and administered by the Executive Compensation Committee (“the Committee”).

E.D. General Provisions:

1. **Salary Range** – Each executive position at El Camino ~~Hospital~~ will have a salary range with minimum and maximum, determining the lowest and highest pay for that job.
 - a. ~~The salary range midpoint reflects the 50th percentile or median base pay of the comparable hospitals plus the cost of labor adjustment (known as the El Camino Median). The midpoint of the salary range for each executive position will be set at the El Camino Median. However, the Committee may elect not to adjust salary ranges.~~

Commented [JJ1]: ECC proposed adding financially prudent, but salary range change is not a cost change. ECC may want to not change range for a number of different reasons.

- b. The salary range will be from 20% below to 20% above the salary range midpoint, resulting in a maximum amount that is 150% of the minimum amount.
 - c. Salary ranges will-may be updated annually based on competitive market data and/or executive increase market trends. ~~The Executive Compensation Committee reserves the right to recommend lower salary ranges or to freeze salary ranges and recommend freezing or lowering base salaries (for example, when financially prudent) for Board approval.~~
2. **Placement in the Salary Range** includes initial placement of a new hire, adjustments when there is a change in job scope, and periodic salary increases or decreases. An individual's placement in the range will be determined based on a combination of the following factors: paying competitively, rewarding performance, and recognizing competence, credentials, and experience.

Commented [JJ2]: Covered in 1.a above

The guidelines for placement in range are:

- a. **Pay at 80% to 90% of Midpoint** may be appropriate for an individual with limited experience in a comparable position, or for an individual who has recently been promoted and needs developmental time in the position. This may be a new hire or internal promotion. An individual may be eligible for higher percentage increases, aligned with performance, when positioned at this level.
- b. **Pay at 90% to 110% of Midpoint** may be appropriate for a fully experienced individual with a demonstrated record of successful performance. ~~The Hospital~~El Camino -manages base salary increases so that upward movement in salary reflects individual performance and demonstrated proficiency.
- c. **Pay at 110% to 120% of Midpoint** may be appropriate for a highly experienced individual with demonstrated record of consistently exceeding performance expectations or in roles which are particularly critical for the achievement of strategic objectives or in roles with a highly competitive labor market. ~~The Hospital~~El Camino compares base salary levels above market with competitive market data to verify that individual base salary is reasonable.
- d. The Hospital Board of Directors can approve salaries outside the normal salary range or guidelines for hard-to-recruit positions or positions deemed critical to the success of the organization. El Camino ~~The Hospital~~ compares salary levels above market with competitive market data to verify that the individual base salary and total compensation is reasonable.

F.E. Roles and Responsibilities

1. The El Camino Hospital Board of Directors shall approve the CEO's base salary. ~~executive base salaries.~~
2. The Executive Compensation Committee Charter defines the responsibilities delegated by the Hospital Board such as selecting consultants and approval of the salary ranges and base salaries of executives other than the CEO. ~~The Committee may recommend exceptions to policy to the Board for their approval~~
3. The CEO recommends the salary range and base salary for those executives reporting to the CEO to the Committee.
4. The Chief Human Resources Officer and/or Director Total Rewards are responsible for implementing salary ranges and base salaries.

Commented [JJ3]: Modifications made based on Charter as amended by the Board in June 2018 and November 2019

Commented [JJ4]: Moving exceptions under ECC seemed better place than under Board.



EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES
DRAFT 1-22-20

03.04 EXECUTIVE PERFORMANCE INCENTIVE PLAN

A. Coverage:

The Chief Executive Officer (“CEO”) of El Camino Hospital and Health (“El Camino Hospital”) and those executives reporting directly to the CEO and those in other approved positions. Participation in the plan is subject to approval by the Hospital Board of Directors (reference Attachment A of the Executive Compensation Philosophy).

B. Reviewed/Revised:

New: 9/15/09, 12/08/10, 2/13/13, 6/11/14 (eff 7/1/14), 10/14/15, 10/12/16, 1/10/18, 2/14/18, 5/8/19

C. Policy Summary:

The Performance Incentive Plan is one component of the executive total remuneration program which includes base salary, benefits, and other cash compensation. The Performance Incentive Plan is an annual goal-based compensation program designed to motivate and reward performance toward key strategic goals of the Hospital El Camino.

D. General Provisions:

The target amount for incentive pay will be competitive with those at comparable hospitals organizations. An executive’s incentive payout will be based on their performance against pre-defined organizational and individual goals and measures aligned with the Hospital El Camino’s mission, vision, and strategic goals.

- 1. Eligibility – Participants hired after December 31 will not be eligible for the program until the beginning of the next fiscal year on July 1. However, employees promoted into an executive position at any time during the fiscal year will be eligible for executive performance incentive pay on a prorated basis. Incentive compensation will be pro-rated for executives with at least six months, but less than one year in the position at the end of the fiscal year. Written performance goals and measures will be determined within the first 60 days of employment.

- 2. Criteria – the Hospital El Camino has established two criteria for payout:

Commented [JJ1]: Moved details on pay to section D.6

~~a.1)~~ the individual executive must “meet expectations” or higher on their performance review; and

~~b.2) the Hospital/El Camino~~ -must meet the threshold financial measure.

There will be no performance incentive payout to an executive unless both criteria are met.

~~2.3.~~ Organizational Goals – each fiscal year ~~the Hospital/El Camino~~ will define organizational goals that support the strategic/business plan upon which at least 50% of performance incentive pay will be based. In addition, ~~the Hospital/El Camino~~ may establish one to three threshold measures that must be achieved for there to be any payout. ~~Whenever possible, E~~ each goal will have annual performance ~~measures~~ metrics for threshold, target, and ~~stretch~~ maximum levels ~~that can be scored and payouts will be~~ on a continuum. The organizational goals will include a threshold financial measure (i.e., net margin) that must be achieved for any participant to receive incentive pay.

Commented [JJ2]: Nuance between organizational goals and individual goals – all score-able on a continuum. No milestone goals at the organizational level.

~~3.4.~~ Executive Individual Goals (excluding CEO) – each fiscal year ~~the Hospital will~~ define individual goals ~~will be defined for each executive~~ that support the strategic/business plan. Whenever possible, each goal will have performance measures for threshold, target, and stretch ~~with metrics that can be scored~~ (levels and scores will be on a continuum. The individual score will be based on the executive’s achievement against approved goals with the CEO having the discretion to modify for individual score ranging from 0% to 150%).

~~4.5.~~ Weighing Organizational and Individual Goals – the weight of organizational, individual and discretion vary by job as shown below.

Job	Organizational Weight	Individual Weight	Discretion
CEO	90%	N/A	10% at Board’s discretion
Presidents (Concern:EAP; Foundation; and SVMD)	50%	50%	CEO has discretion to modify individual score from 0% to 150%
Other Participants	70%	30%	CEO has discretion to modify individual score from 0% to 150%

~~5.6.~~ Amount of incentive pay – the amount of incentive pay is based on the executive’s base salary as shown below:

Job	Threshold	Target	Maximum or Cap
CEO	15%	30%	45%
Other Participants	10%	20%	30%

The amount of incentive pay is prorated for new participants hired after July 1 and those employees who transfer into an executive position during the fiscal year. Incentive pay is prorated based on the number of calendar days. If a management employee is promoted into an executive position during the fiscal year, the executive's bonus payout will be prorated based on the length of their participation in the management and executive performance incentive plans.

7. Performance Incentive Payout – Incentive compensation will be paid within 30 days of approval of the organizational score and the payout amounts. In order to receive incentive compensation, executives must be actively employed in an executive position at the time the incentive compensation is paid.
8. Exceptions – Provision allows for additions, deletions, and changes to approved organizational and individual goals, metrics, and weighting.
 - a. Timing – The CEO is to initiate a request as soon as a change is known and within the fiscal year. Recommendations for changes will be made at the next scheduled Executive Compensation Committee meeting for individual goals and at the next scheduled Hospital Board meeting for organizational goals.
 - b. Organizational Goals – The CEO may recommend changes to the goal statement or metrics based on unforeseen events beyond the control of executive leadership including removing a goal and reweighting other approved goals/metrics. The CEO will notify the Board and Committee chairs of the need for change. Recommendations will be made to the Executive Compensation Committee (ECC) or to the ECC Chair prior to the exception request going the Hospital Board of Directors. If the recommendations go to the ECC first, the ECC will make the recommendation to the Board. If the Board meets first, the Board's decision will be reported at the next ECC meeting.
 - c. Individual Goals - The CEO may recommend additions, deletions, and changes to approved individual goals, metrics, and weighting. Such changes may occur based on unforeseen events beyond the control of the executive. The CEO will make recommendation to the ECC who has the authority to approve the changes. Changes will be reported to the Board.

E. Roles and Responsibilities

1. The El Camino Hospital Board of Directors shall approve the plan design including positions eligible; organizational goals, ~~measurements~~metrics; and scoring; and the CEO's discretionary score and performance incentive payout. In addition, the Board approves any exceptions recommended by the Executive Compensation Committee.
2. The Executive Compensation Committee shall approve individual goals, ~~measurements~~metrics, and scores, and non-CEO executive performance incentive payouts. In addition, the Committee will review and recommend organizational goals, policy and plan design changes, and report its decisions to the Board.
3. The CEO recommends the individual goals, scores, and incentive payout amounts to the Committee and the organizational goals to the Committee and Board.
4. The Chief Human Resources Officer and/or Director Total Rewards are responsible for overseeing administration of the program and implementing actions approved by the Committee and the Board.

**Exhibit A: Sample Scoring of Executive Performance Incentive Pay
 with Target = 100% Goal Score**

Chiefs*

Assumptions: Base Salary is \$300,000 with target bonus of 20% (\$60,000) and maximum at \$90,000. Executive in position entire FY.

	<u>Threshold</u>	<u>Target</u>	<u>Maximum (or Cap)</u>
<u>Total Payout</u>	<u>\$30,000</u>	<u>\$60,000</u>	<u>\$90,000</u>
<u>Individual Performance only (30%)</u>	<u>\$ 9,000</u>	<u>\$18,000</u>	<u>\$27,000</u>
<u>Organizational Performance only (70%)</u>	<u>\$21,000</u>	<u>\$42,000</u>	<u>\$63,000</u>

Calculation if Individual Score is 120%, Discretionary Score is 80%, and Organizational Score is 90%.

- \$300,000 X 30% (target payout) = \$60,000
- Organizational Component: (\$60,000 X 70% weight) X 90% score = \$37,800
- Individual Component: (\$60,000 X 30% weight) X 120% score X 80% discretion = \$17,280
- Total Payout: \$55,080 (92% of target)

**Includes Joan Kezic, Vice President who is a grandfathered participant*

Sample Proration: Executive hired on 10/20, which equals 253 days of the fiscal year.
\$55,080 X 253/365 days = \$38,179

Presidents

Assumptions: Base Salary is \$300,000 with target bonus of 20% (\$60,000) and maximum at \$90,000. Executive in position entire FY.

<u>Presidents</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum (or Cap)</u>
<u>Total Payout</u>	<u>\$30,000</u>	<u>\$60,000</u>	<u>\$90,000</u>
<u>Individual Performance only (50%)</u>	<u>\$15,000</u>	<u>\$30,000</u>	<u>\$45,000</u>
<u>Organizational Performance only (50%)</u>	<u>\$15,000</u>	<u>\$30,000</u>	<u>\$45,000</u>

Calculation if Individual Score is 120%, Discretionary Score is 120%, and Organizational Score is 90%.

- \$300,000 X 30% (target payout) = \$60,000
- Organizational Component: (\$60,000 X 50% weight) X 90% score = \$27,000
- Individual Component: (\$60,000 X 50% weight) X 120% score X 120% discretion = \$43,200
- Total Payout: \$70,200 (17% above target)

DRAFT
FY21 COMMITTEE GOALS
 Executive Compensation Committee

The purpose of the Executive Compensation Committee (the "Committee") is to assist the El Camino Hospital (ECH) Hospital Board of Directors ("Board") in its responsibilities related to the Hospital's executive compensation philosophy and policies. The Committee will advise the Board to meet all legal and regulatory requirements as it relates to executive compensation.

STAFF: **Kathryn Fisk**, Chief Human Resources Officer (Executive Sponsor); **Julie Johnston**, Director, Total Rewards

The CHRO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair's consideration. The CEO, and other staff members as appropriate, may serve as a non-voting liaison to the Committee and may participate at the discretion of the Committee Chair. These individuals shall be recused when the Committee is reviewing their individual compensation.

GOALS	TIMELINE	METRICS
<p>1. Advise the Board ensuring strategic alignment and proper oversight of compensation-related decisions including performance incentive goal-setting and plan design</p> <p>EPIP = Executive Performance Incentive Plan</p>	<ul style="list-style-type: none"> - Review and approve FY21 executive base salaries (not including the CEO) <i>(moved from Q4 FY20 to Q1 FY21 after merit reviews)</i> - Review and recommend FY20 Org EPIP Scores (Q1) - Review and approve FY20 Individual Scores and Payout amounts (Q1) - Review and recommend approval of letter of reasonableness (Q3) - Review and recommend proposed FY22 organizational goals (Q4) - Review and approve FY22 individual EPIP goals (Q4) 	<ul style="list-style-type: none"> - Committee approves FY21 executive base salaries (not including the CEO) (Q1) - Board approves FY20 organizational EPIP score (Q1) - Committee approves FY20 Executive Performance Incentive Scores and Payouts (Q1) - Board approves Letter of Reasonableness (Q3) - Board approves FY22 organizational EPIP goals - Committee approves FY22 individual EPIP goals
<p>2. Evaluate the effectiveness of the independent compensation consultant</p>	<ul style="list-style-type: none"> - Review consultant performance (Q2) 	<ul style="list-style-type: none"> - Complete assessment of consultant performance (Q2) - Committee Chair reviews cost/value of consultant (Q2)
<p>3. Review Executive Leadership Development Plan/CEO Succession Planning</p>	<ul style="list-style-type: none"> - Review CEO FY20 performance review process (Q2) - Receive report on CEO Succession Planning (Q4) - Review Leadership Development Plan (Q4) 	<ul style="list-style-type: none"> - Board/ECC Chair complete FY20 CEO review (Q1) - ECC receives CEO review process feedback (Q2) - CHRO reports on CEO succession planning/leadership development plan

SUBMITTED BY:

Chair: Bob Miller

Executive Sponsor: Kathryn Fisk

Draft 3/10/20 jj

Executive Compensation Committee Meetings Proposed FY21 Dates

RECOMMENDED ECC DATE (generally Thursdays)	CORRESPONDING HOSPITAL BOARD DATE
<u>Tuesday, September 15, 2020</u>	Wednesday, October 14, 2020
Thursday, November 5, 2020	Wednesday, December 9, 2020
Thursday, March 4, 2021	Wednesday, March 10, 2021 or Wednesday, April 7, 2021
Thursday, May 27, 2021	Wednesday, June 9, 2021

Executive Compensation Committee
Updated 3/24/2020

FY20 ECC Pacing Plan – Q1		
July 2019	August 2019	September 19, 2019
<i>No scheduled Committee meeting</i>	<i>No scheduled Committee meeting</i>	<p><u>Discussion:</u></p> <ul style="list-style-type: none"> - Review CEO FY19 Performance Review Process (including proposed FY20 Process) - Generative Governance <p><u>Committee Actions:</u></p> <ul style="list-style-type: none"> - Approve Minutes - Recommend approval of FY19 OrgScore - Approve FY19 Executive Individual Goal Scores - Approve FY19 Executive Performance Incentive Payout Amounts (*pending Board approval of FY19 Org Score) - FY20 President, Foundation Base Salary
FY20 ECC Pacing Plan – Q2		
October 2019	November 7, 2019	December 2019
<i>No scheduled Committee meeting</i>	<p><u>Discussion:</u></p> <ul style="list-style-type: none"> - Assess Effectiveness of Delegation of Authority - 6-Month Exec Comp Consultant Review <p><u>Committee Actions:</u></p> <ul style="list-style-type: none"> - Approve Minutes - Recommend Letter(s) of Reasonableness - FY20 President, Foundation Incentive Goals - Revised FY20 General Counsel incentive goals - Policy Review: Compensation Philosophy; Salary Administration; Performance Incentive Plan 	<i>No scheduled Committee meeting</i>
<p><u>Board Actions:</u></p> <ul style="list-style-type: none"> - Approve FY19 Financial Audit - Approve FY19 Organizational Score/Results - Approve CEO FY19 Individual Score and Performance Incentive Payout - Approve FY20 CEO Base Salary Range and Base Salary <p><u>Informational Report to Board on:</u></p> <ul style="list-style-type: none"> - FY19 Executive Individual Goal Scores (closed) - FY19 Executive Payout Amounts (open) 		
*Mercer to prepare Letter(s) of Reasonableness	*Mitch Olejko to prepare rebuttable presumption action cover letter for Board meeting	<p><u>Board Actions:</u></p> <ul style="list-style-type: none"> - Approve Letter(s) of Reasonableness - Approve Changes in Exec Comp policies

Executive Compensation Committee
Updated 3/24/2020

FY20 ECC Pacing Plan – Q3		
January 2020	February 6, 2020	March 2020
<i>No scheduled Committee meeting</i>	Meeting canceled and consolidated with April 2, 2020 meeting	<i>No scheduled Committee meeting</i>
FY20 ECC Pacing Plan – Q4		
April 2, 2020	May 28, 2020	June 2020
<p><u>Discussion:</u></p> <ul style="list-style-type: none"> - Leadership Development and Succession Plan Update - Strategic Plan Update (and progress against FY20 organizational goals) — Best Practices in Goal Setting in healthcare — Executive Benefit Plan Design and impact on total remuneration <p><u>Committee Actions:</u></p> <ul style="list-style-type: none"> - Approve Minutes - Approve FY21 Committee Goals - <u>Finalize policies from November 2019 review</u> — Possible recommendations on executive benefit plan design — ECC Consultant RFP 	<p><u>Discussion:</u></p> <ul style="list-style-type: none"> - 6-Month Exec Comp Consultant Review — Review Committee Self-Assessment results - <u>Executive Benefit Plan Design and impact on total remuneration</u> <p><u>Committee Actions:</u></p> <ul style="list-style-type: none"> - Approve Minutes - Approve FY21 Pacing Plan - Approve FY21 Executive Salary Ranges - Approve FY21 Executive Individual Goals - Review and recommend proposed FY21 Organizational Goals — Review and recommend proposed FY21 CEO Salary Range - <u>Possible recommendations on executive benefit plan design</u> - <u>ECC Consultant RFP</u> 	<i>No scheduled Committee meeting</i>
<p><u>Board Actions:</u> (Postponed)</p> <ul style="list-style-type: none"> — Approve Executive Benefit Plan Design Changes <p><u>Informational Report to Board on:</u></p> <ul style="list-style-type: none"> — Best Practices in Goal Setting in Healthcare <p>April 22, 2020 Board and Committee Educational Gathering</p>		<p><u>Board Actions:</u></p> <ul style="list-style-type: none"> - Approve FY21 Organizational Goals - Approve FY21 CEO Salary Range <p><u>Informational Report to Board on:</u></p> <ul style="list-style-type: none"> - FY21 Executive Individual Goals - FY21 Executive Salary Ranges