



**Minutes of the Open Session of the
Executive Compensation Committee
of the El Camino Hospital Board of Directors
Tuesday, September 22, 2020**

Pursuant to State of California Executive Order N-29-20 dated March 18, 2020, El Camino Health did not provide a physical location for this meeting. Instead, the public was invited to join the open session meeting via teleconference.

Members Present

Teri Eyre**

Jaison Layney**

Julie Kliger, Vice Chair**

Bob Miller, Chair**

George Ting, MD**

Pat Wadors**

Members Absent

None

**via teleconference

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 “Committee”) was called to order at 4:01pm by Chair Bob Miller. A verbal roll call was taken. All Committee members were present and participated via teleconference and videoconference pursuant to Santa Clara County’s shelter in place order. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
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. No items were removed.</p> <p>Motion: To approve the consent calendar: Minutes of the Open Session of the Executive Compensation Committee Meeting (7/28/2020); and for information: Progress Against FY21 Committee Goals; Article of Interest.</p> <p>Movant: Ting Second: Layney Ayes: Eyre, Kliger, Layney, Miller, Ting, Wadors Noes: None Abstentions: None Absent: None Recused: None</p> <p>Chair Miller requested adding the bolded language to the Progress Against Committee Goals document to recognize the efforts of staff: 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 “and for developing and disseminating in a timely manner management’s recommendations to the Committee and appropriate supporting information to facilitate the Committee’s deliberations and exercise of its responsibilities.”</p>	<p><i>Consent calendar approved</i></p> <p><i>Goals document to be updated</i></p>
5. REPORT ON BOARD ACTIONS	Ms. Kliger, Vice Chair, reported on the Quality Committee activities and strategic plan update discussed at the September 9, 2020 Hospital Board meeting. She and Dr. Ting highlighted Committee and Board discussion	

	<p>including the desire to monitor COVID-19-related metrics and ongoing work to define Committee and Board governance oversight roles for ECH’s physician network.</p>	
<p>6. EXCISE TAX OVERVIEW</p>	<p>Heidi O’Brien from Mercer provided an overview of part of the Tax Reform Act effective in 2018 that requires non-profit employers to pay a 21% excise tax on any compensation over \$1 million for their top five employees. The excise tax is largely counting taxable pay, but excludes benefits from qualified plans (403(b), cash balance plans) and unvested 457(f) plans (SERP). At ECH, the CEO is the only executive that has reached the \$1 million threshold.</p> <p>She also described the separate excise tax related to parachute payments, which currently does not apply to ECH given the organization’s maximum severance period.</p> <p>Ms. O’Brien reviewed the alternative that other organizations are considering to address the excise tax: split dollar loan arrangements (significant complexity and risk), SERP vesting changes (ECH’s schedule is already spread over several years), and Long-Term Incentive (LTI) Plans (ECH does not currently have one).</p> <p>In response to Ms. Eyre’s question, Ms. O’Brien explained that deferred compensation covered by 457(f) (most deferred compensation at non-profits) is counted by the excise tax, but deferred compensation into a 457(b), which ECH has, escapes the excise tax calculation.</p> <p>Chair Miller commented that the purpose of this discussion was to make sure the Committee had an opportunity to review this tax and to note that the alternatives to paying it are not feasible or desirable at this time.</p>	
<p>7. FY20 ORG PERFORMANCE GOAL SCORES</p>	<p>Mr. Woods described the proposed recalibration of the FY20 Organizational Performance Goal Score with an 8-month measurement period; the methodology assumes linear improvement except for the service goals, which were determined in consultation with Press Ganey. He reviewed the proposed changes to target and stretch as further outlined materials for a total proposed score of 122.1% of target. He noted that payouts will be prorated for eight months.</p> <p>The Committee requested that staff frame proposed scores as a percentage of target, not maximum and to eliminate any references to percentage of maximum in materials going forward.</p> <p>Motion: To recommend that the Board approve 1) recalibration of the target and stretch metrics to reflect an eight-month goal period and 2) the proposed FY20 Organizational Performance Goal Score of 122.1%.</p> <p>Movant: Eyre Second: Layney Ayes: Eyre, Kliger, Layney, Miller, Ting, Wadors Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>FY20 Organizational Goal Score recommended for approval</i></p>
<p>8. FY20 CEO PERFORMANCE REVIEW PROCESS AND FY21 RECOMMENDATIONS</p>	<p>Ms. O’Brien reported that the feedback on the FY20 CEO Performance Review Process was largely positive. Proposed changes include to: 1) start the process after the end of the fiscal year and 2) allow more time (four rather than two weeks) for the CEO to fill out his assessment.</p>	

<p>9. EXECUTIVE COMPENSATION COMMITTEE SELF-ASSESSMENT</p>	<p>Cindy Murphy, Director of Governance Services, described the timing and participation levels for the self-assessment surveys, noting that the Committee members as of June 30, 2020 filled out the survey.</p> <p>The Committee reviewed the results. Chair Miller suggested more education and context for non-healthcare-based committee members on hospital operations and quality. He also suggested providing an educational overview on executive compensation principles to the Board.</p> <p>Chair Miller thanked the Committee for their time and effort.</p>																									
<p>10. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 4:45pm.</p> <p>Movant: Layney Second: Wadors Ayes: Eyre, Klinger, Layney, Miller, Ting, Wadors Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 4:45pm</i></p>																								
<p>11. AGENDA ITEM 22: RECONVENE OPEN SESSION/ REPORT OUT</p>	<p>Open session was reconvened at 6:14pm. Agenda items 9-13 were addressed in closed session.</p> <p>During the closed session, the Committee approved the FY20 Individual Performance Goal Scores and FY21 Individual Performance Goals by unanimous vote in favor of all members present by teleconference (Eyre, Klinger, Layney, Miller, Ting, Wadors).</p>																									
<p>12. AGENDA ITEM 23: GEOGRAPHIC DIFFERENTIAL</p>	<p>The Committee did not take any action on this item.</p>																									
<p>13. AGENDA ITEM 24: PROPOSED FY20 PERFORMANCE GOAL PAYOUTS</p>	<p>Motion: To approve the FY20 Performance Goal Payouts under the Executive Performance Incentive Plan noted below subject to Board approval of the FY20 organizational performance goal score:</p> <table border="1" data-bbox="451 1171 1321 1623"> <thead> <tr> <th>Position</th> <th>Payout</th> </tr> </thead> <tbody> <tr> <td>President, Foundation</td> <td>\$37,679</td> </tr> <tr> <td>President, SVMD</td> <td>\$78,286</td> </tr> <tr> <td>VP, Corporate & Community Health Services/ President, CONCERN:EAP</td> <td>\$38,905</td> </tr> <tr> <td>Chief Nursing Officer</td> <td>\$64,822</td> </tr> <tr> <td>Chief Information Officer</td> <td>\$62,273</td> </tr> <tr> <td>Chief Operating Officer</td> <td>\$72,390</td> </tr> <tr> <td>VP, Payor Relations</td> <td>\$48,885</td> </tr> <tr> <td>Chief Administrative Services Officer</td> <td>\$49,160</td> </tr> <tr> <td>Chief Medical Officer</td> <td>\$84,118</td> </tr> <tr> <td>General Counsel</td> <td>\$74,367</td> </tr> <tr> <td>Chief Human Resources Officer</td> <td>\$56,852</td> </tr> </tbody> </table> <p>Movant: Layney Second: Ting Ayes: Eyre, Klinger, Layney, Miller, Ting, Wadors Noes: None Abstentions: None Absent: None Recused: None</p>	Position	Payout	President, Foundation	\$37,679	President, SVMD	\$78,286	VP, Corporate & Community Health Services/ President, CONCERN:EAP	\$38,905	Chief Nursing Officer	\$64,822	Chief Information Officer	\$62,273	Chief Operating Officer	\$72,390	VP, Payor Relations	\$48,885	Chief Administrative Services Officer	\$49,160	Chief Medical Officer	\$84,118	General Counsel	\$74,367	Chief Human Resources Officer	\$56,852	<p><i>FY20 Executive Performance Goal Payouts approved</i></p>
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<p>14. AGENDA ITEM 25: PROPOSED FY21</p>	<p>Motion: To approve the Proposed FY21 Executive Base Salaries:</p> <table border="1" data-bbox="451 1940 1321 1974"> <thead> <tr> <th>Position</th> <th>FY21 Base Salary</th> </tr> </thead> </table>	Position	FY21 Base Salary	<p><i>FY21 Executive Base Salaries</i></p>																						
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EXECUTIVE BASE SALARIES	President, Foundation	\$291,200	<i>approved</i>	
	President, SVMMD	\$543,100		
	VP, Corporate & Community Health Services/ President, CONCERN:EAP	\$283,300		
	Chief Nursing Officer	\$393,900		
	Chief Information Officer	\$407,300		
	Chief Operating Officer	\$583,500		
	VP, Payor Relations	\$287,900		
	Chief Administrative Services Officer	\$321,500		
	Chief Medical Officer	\$610,000		
	General Counsel	\$440,100		
	Chief Human Resources Officer	\$381,500		
	Movant: Wadors Second: Ting Ayes: Eyre, Kliger, Layney, Miller, Ting, Wadors Noes: None Abstentions: None Absent: None Recused: None			
	15. AGENDA ITEM 26: PROPOSED FY21 CEO BASE SALARY	There was no action or discussion on this item.		
16. AGENDA ITEM 27: RFP AD HOC COMMITTEE REPORT	<p>Jaison Layney, Ad Hoc Committee Chair, reported that he, Ms. Johnston, and Ms. Murphy participated on a Q&A call with three of the interested firms. Five of six solicited firms intend to submit a response; one firm declined due to concerns about the public nature of the Committee meeting materials. Proposals are due October 2, 2020. The Ad Hoc Committee will select finalists for the entire Committee to review at its November 2020 meeting.</p> <p>Chair Miller thanked the Ad Hoc Committee for their work.</p>			
17. AGENDA ITEM 28: FY21 PACING PLAN	Chair Miller commented that there is a policy review paced in at the March 2021 meeting.			
18. AGENDA ITEM 21: CLOSING COMMENTS	There were no additional comments from the Committee.			
19. AGENDA ITEM 22: ADJOURNMENT	Motion: To adjourn at 6:23pm. Movant: Wadors Second: Eyre Ayes: Eyre, Kliger, Layney, Miller, Ting, Wadors Noes: None Abstentions: None Absent: None Recused: None		<i>Meeting adjourned at 6:23pm</i>	

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

DocuSigned by:

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Bob Miller
 Chair, Executive Compensation Committee


 Julia E. Miller
 Secretary, ECH Board of Directors

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