

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

Wednesday, May 18, 2022 – 4:00 pm

El Camino Hospital | 2500 Grant Road, Mountain View, CA 94040

PURSUANT TO STATE OF CALIFORNIA EXECUTIVE ORDER N-29-20 DATED MARCH 18, 2020, EI 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:

1-669-900-9128, MEETING CODE: 760-083-0558#. No participant code. Just press #.

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 4:092– 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 (03/03/2022) Information b. Progress Against FY22 Committee Goals/Pacing Plan	Bob Miller, Chair	<i>public comment</i>	motion required 4:05 – 4:06
5. REPORT ON BOARD ACTIONS	Dan Woods, CEO		information 4:06 – 4:11
6. FY23 COMMITTEE PLANNING a. Proposed FY23 Committee Goals and Pacing Plan b. Proposed FY23 Committee Meeting Dates c. Assessment of Delegation of Authority d. Assessment of Charter	Bob Miller, Chair	<i>public comment</i>	possible motion(s) 4:11 – 4:31
7. RECOMMEND PROPOSED FY23 ORGANIZATIONAL PERFORMANCE INCENTIVE GOALS	Dan Woods, CEO	<i>public comment</i>	possible motion(s) 4:31 – 4:36
8. ADJOURN TO CLOSED SESSION	Bob Miller, Chair		motion required 4:36 – 4:37
9. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Bob Miller, Chair		information 4:37 – 4:38

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 Gov't Code Section 54957.2: a. Minutes of the Closed Session of the ECC Meeting (03/03/2022)	Bob Miller, Chair		motion required 4:38 – 4:39
11. Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters: - Market Update a. Geographic Differential b. Trend Data c. Executive Performance Incentive Plan - CEO Discretion Discussion	Heidi O'Brien, Mercer		discussion 4:39 – 5:19
12. Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters: - Proposed FY23 Individual Executive Strategic Pick Goals	Dan Woods, CEO		possible motion 5:19 – 5:34
13. Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters: - Proposed Salary Range Change and Base Salary Change for Vice President Payor Relations	Dan Woods, CEO		possible motion 5:34 – 5:49
14. ADJOURN TO OPEN SESSION	Bob Miller, Chair		motion required 5:49 – 5:50
15. RECONVENE OPEN SESSION / REPORT OUT	Bob Miller, Chair		information 5:50 – 5:51
To report any required disclosures regarding permissible actions taken during Closed Session.			
16. EXECUTIVE PERFORMANCE INCENTIVE PLAN	Bob Miller, Chair	<i>public comment</i>	possible motion 5:51 – 5:53
17. PROPOSED FY23 INDIVIDUAL EXECUTIVE STRATEGIC PICK GOALS	Bob Miller, Chair	<i>public comment</i>	possible motion 5:53 – 5:55
18. PROPOSED SALARY RANGE CHANGE AND BASE SALARY CHANGE FOR VICE PRESIDENT PAYOR RELATIONS	Bob Miller, Chair	<i>public comment</i>	possible motion 5:55 – 5:59
19. ANNUAL EXECUTIVE COMPENSATION CONSULTANT REVIEW	Bob Miller, Chair		discussion 5:59 – 6:05
20. CLOSING COMMENTS	Bob Miller, Chair		discussion 6:05 – 6:08
21. ADJOURNMENT	Bob Miller, Chair	<i>public comment</i>	motion required 6:08 – 6:10pm

Upcoming Meetings: Regular Meetings: Sept 22, 2022, Nov 03, 2022, Mar 02, 2023, & May 04, 2023



**Minutes of the Open Session of the
Executive Compensation Committee
of the El Camino Hospital Board of Directors
Thursday, March 3, 2022**

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

Bob Miller, Chair
Julie Kliger, Vice-Chair**
Teri Eyre**
Jaison Layney**
Estrella Parker** (joined at 4:19 pm)
George Ting, MD
Alessandra Yockelson** (left at 4:45 pm)

Members Absent

None
 **via teleconference

Others Present

Dan Woods, CEO
Tamara Stafford, Director, Talent Development/EWHS
Julie Johnston, Director, Total Rewards
Heidi O'Brien, Mercer**
Shiraz Ali, Director, Office of the CEO
Michele Collaco, Executive Assistant

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 4:00 pm by Chair Bob Miller. A verbal roll call was taken. All Committee members were present except for Estrella Parker. 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. INTRODUCTION OF NEW COMMITTEE MEMBERS	Chair Miller briefly introduced the new Executive Compensation Committee Members, Alessandra Yockelson and Estrella Parker.	
3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Miller asked if any Committee members had a conflict of interest with any agenda items. No conflicts were noted.	
4. PUBLIC COMMUNICATION	None.	
5. CONSENT CALENDAR	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. Motion: To approve the consent calendar: Minutes of the Open Session of the Executive Compensation Committee Meeting (11/04/2021) Movant: Ting Second: Layney Ayes: Eyre, Kliger, Layney, Miller, Ting, Yockelson Noes: None Abstentions: None Absent: Parker Recused: None	Consent calendar approved
6. REPORT ON BOARD ACTIONS	Chair Miller asked the Committee for any questions or feedback on the Report on the Board Actions, as further detailed in the packet. None were noted.	
7. COMMITTEE PLANNING	Chair Miller reviewed the Proposed FY23 Committee Goals/Pacing Plan and requested the following revisions: <ul style="list-style-type: none"> • Semi-annual evaluation of the ECC consultant changed to an annual evaluation and paced on the plan towards the end of the fiscal year 	

	<ul style="list-style-type: none"> • Addition of Executive Performance Evaluations Process and Executive Benefits (not conducted every year) • Reschedule the RFP to November meeting cadence 	
8. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 4:10 pm.</p> <p>Movant: Ting Second: Kliger Ayes: Eyre, Kliger, Layney, Miller, Ting, Yockelson Noes: None Abstentions: None Absent: Parker Recused: None</p>	<i>Adjourned to closed session at 4:10 pm</i>
9. AGENDA ITEM 15: RECONVENE OPEN SESSION/ REPORT OUT	<p>The open session was reconvened at 5:22 pm.</p> <p>Agenda items 9-14 were addressed in the closed session.</p> <p>During the closed session, the Committee approved the Closed Session Minutes of the 11/04/2021 ECC Meeting by a unanimous vote of all members present (Eyre, Kliger, Layney, Miller, Ting, Yockelson).</p>	
10. AGENDA ITEM 16: PROGRESS AGAINST FY22 COMMITTEE GOALS AND PACING PLAN	<p>Chair Miller asked that the Review Potential Policy Changes be noted as not applicable in Q3 of the goals and pacing plan. The verbiage on Q4 Review and Approve FY23 individual Executive Incentive Goals will be changed to FY23 Individual Executive Strategic Pick List.</p>	
11. AGENDA ITEM 17: CLOSING COMMENTS	<p>There were no additional comments from the Committee.</p>	
12. AGENDA ITEM 18: ADJOURNMENT	<p>Motion: To adjourn at 5:27 pm.</p> <p>Movant: Ting Second: Kliger Ayes: Eyre, Kliger, Layney, Miller, Parker, Ting Noes: None Abstentions: None Absent: Yockelson Recused: None</p>	<i>Meeting adjourned at 5:27 pm</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: Michele Collaco, Executive Assistant II, Administration

FY22 COMMITTEE GOALS AND PACING PLAN

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: **Greg Souza**, Interim Chief Human Resources Officer (Executive Sponsor)

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. 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/PACING PLAN
1. Provide oversight and approvals for compensation-related decisions, including performance incentive goal-setting and plan design	Q1 09/28/21	<ul style="list-style-type: none"> - Review and approve FY22 executive base salaries- COMPLETED - Review and recommend FY21 Organizational Incentive Score- COMPLETED - Review and approve FY21 individual incentive scores- COMPLETED - Review and approve FY21 executive payout amounts - COMPLETED
	Q2 11/04/21	<ul style="list-style-type: none"> - Review and approve of letter of reasonableness – COMPLETED
	Q3 03/03/22	<ul style="list-style-type: none"> - Recommend FY23 Committee goals - COMPLETED - Receive update leadership development - COMPLETED - Receive update on strategic plan - COMPLETED - Review potential policy changes – N/A
	Q4 05/18/22	<ul style="list-style-type: none"> - Review and recommend proposed FY23 organizational incentive goals - Review and approve FY23 individual executive strategic pick goals
2. Evaluate the effectiveness of the independent compensation consultant	Q2 11/04/21 Q4 05/18/22	<ul style="list-style-type: none"> - Conduct semi-annual evaluation of ECC consultant

SUBMITTED BY: Chair: Bob Miller | **Executive Sponsor:** Greg Souza

Last revised: 03-31-22

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

To: Executive Compensation Committee
From: Dan Woods, Chief Executive Officer
Date: May 18, 2022
Subject: Report on Board Actions

Purpose: To keep the Committee informed regarding actions taken by the El Camino Hospital and El Camino Healthcare District Boards.

Summary:

1. **Situation:** It is essential to keep the Committees informed about Board activity to provide context for Committee work. The list below is not meant to be exhaustive; still, it includes agenda items the Board voted on that are most likely to be of interest to or pertinent to 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 time we provided this report to the Executive Committee, the Hospital Board has met five times, and the District Board has met once. In addition, since the Board has delegated specific authority to the Executive Compensation Committee, the Compliance and Audit Committee, and the Finance Committee, those approvals are noted in this report.

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
ECH Board	February 9, 2022	<ul style="list-style-type: none"> - FY21 Period 6 Financials - Mountain View ED & Inpatient On-Call Interventional Radiology Panel Agreement Renewal - Enterprise Radiology Professional Services Agreement Renewal - Approval of Investment Advisory Firm Selection
	February 23, 2022	<ul style="list-style-type: none"> - Education Session to discuss the Enterprise Strategic Plan with Board Members
	March 9, 2022	<ul style="list-style-type: none"> - Approval of the Enterprise Strategy
	April 13, 2022	<ul style="list-style-type: none"> - FY23 El Camino Hospital Board Pacing Plan - FY22 Period 08 Financials - FY21 Annual Report on Physician Financial Arrangements - Urology Call Panel Renewals for the Mountain View and Los Gatos Campuses - Renewal of Enterprise Radiology Professional Services Agreement

Report on Board Actions
 May 18, 2022

Board/Committee	Meeting Date	Actions (Approvals unless otherwise noted)
	April 27, 2022	<ul style="list-style-type: none"> - Education Session to discuss the Enterprise Strategy with the Board and Advisory Committee Members <ul style="list-style-type: none"> • Strategic Framework focused on the three major areas (ACE) <ul style="list-style-type: none"> ○ Alignment with Physicians ○ Leadership in Clinical Program ○ Expanding our Reach
ECHD Board	March 15, 2022	<ul style="list-style-type: none"> - Approval of the Enterprise Strategy - Approval of Resolution 2022-02: Health and Safety Code - Approval of ECHD FY22 YTD Financials
Executive Compensation Committee	N/A	
Compliance and Audit Committee	March 30, 2022	<ul style="list-style-type: none"> - Standard Regulatory Approvals
Finance Committee	March 28, 2022	<ul style="list-style-type: none"> - Radiology Professional Services Renewal Agreement - Annual Report on Physician Financial Arrangement Expenses (FY21)
	April 25, 2022	<ul style="list-style-type: none"> - FY22 Period 9 Financials - MV & LG Gastroenterology Call Panel Renewal Agreements

List of Attachments: None.

Suggested Committee Discussion Questions: None.



FY23 COMMITTEE GOALS AND PACING PLAN

Executive Compensation Committee

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STAFF: **Greg Souza**, Interim Chief Human Resources Officer (Executive Sponsor)

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. 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/PACING PLAN
1. Provide oversight and approvals for compensation-related decisions, including performance incentive goal-setting and plan design	Q1	<ul style="list-style-type: none"> - Review and approve FY23 executive base salaries - Review and recommend FY22 Organizational Incentive Score - Review and approve FY22 individual incentive scores - Review and approve FY22 executive payout amounts
	Q2	<ul style="list-style-type: none"> - Review and approve of letter of reasonableness
	Q3	<ul style="list-style-type: none"> - Recommend FY24 Committee goals - Receive update leadership development - Receive update on strategic plan - Review potential policy changes
	Q4	<ul style="list-style-type: none"> - Review and recommend proposed FY24 organizational incentive goals - Review and approve FY24 individual executive strategic pick goals
2. Evaluate the effectiveness of the independent compensation consultant	Q4	<ul style="list-style-type: none"> - Conduct annual evaluation of ECC consultant

SUBMITTED BY: Chair: Bob Miller | **Executive Sponsor:** Greg Souza

APPROVED APRIL 18, 2018

PROCEDURES TO BE FOLLOWED BY THE EL CAMINO HOSPITAL COMPENSATION COMMITTEE WHEN APPROVING COMPENSATION PURSUANT TO A DELEGATION OF AUTHORITY UNDER CALIFORNIA NONPROFIT CORPORATION LAW § 5210.

A. Overview.

The Board of Directors of El Camino Hospital (“Board”), pursuant to Resolution 2018 – 05 has delegated to the Executive Compensation Committee (“ECC”) the authority to determine the base salary, salary ranges and certain aspects of individual goals under the Executive Performance Incentive Plan of the persons employed or to be employed to hold the positions listed on Appendix A. Such list may be amended by resolution of the Board or by the Board’s approval of changes to the relevant policy. In taking any such action pursuant to the delegated authority, the ECC shall follow the procedures set forth below. No authority has been granted to the ECC to take final action regarding the compensation or determining the salary range of the Chief Executive Officer.

B. Policies and Applicable Law.

In setting compensation for the persons holding the offices listed on Appendix A, the ECC shall follow all applicable policies adopted by the Board as now in force or as they may be amended, revised or repealed and any newly adopted policies. The applicable policies that are now in force are listed on the attached Appendix B. In addition, the ECC will exercise the authority delegated by the Board so that El Camino Hospital shall meet the regulatory requirements to qualify for the rebuttable presumption of reasonableness under applicable federal regulations.

C. Conflict of Interest.

If any member of the ECC has a conflict of interest (defined below), then the ECC shall require that person to be recused from any determination giving rise to such conflict. The member may not be present at the meeting when the matter is considered and may not be present for the discussion or vote on the matter. Such recused individual may meet with the ECC or its members only to answer questions of the ECC or its members.

A member of the ECC has a conflict of interest with respect to a decision of the ECC, if such person:

- (a) is the person whose compensation is being determined or is a family member of such person (“Subject Disqualified Person”);
- (b) is an employee under the direction or control or whose compensation or other payments are subject to the approval of the Subject Disqualified Person;
- (c) has a material financial interest affected by the compensation arrangement for the Subject Disqualified Person; and

- (d) has received or will receive an economic benefit from a transaction the Subject Disqualified Person has approved or will approve.

D. Appropriate Data Regarding Comparability.

The ECC shall obtain, consider and rely upon, prior to making a compensation decision, appropriate data regarding comparability. The ECC shall also retain an independent consultant to assist it in obtaining such data and to advise the ECC regarding fair market value of total compensation, including benefits established by the Board. Appropriate data as to comparability is, given the knowledge and expertise of its members, information sufficient to determine whether the compensation arrangement in its entirety is reasonable. Relevant information includes compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions; the availability of similar services in the geographic area of El Camino Hospital; and actual written offers from similar institutions competing for the services of the individual.

E. Approval.

The ECC shall approve all compensation subject to its approval before the compensation or changed compensation is paid. With respect to any amount payable as an incentive, the parameters shall be approved by the ECC and the amount of potential compensation payable as an incentive shall be approved by the ECC or Board in advance and before payment. The ECC will approve any action by the vote of a majority of a quorum at a meeting of the ECC.

The ECC shall report to the Board, at the Board's next regularly scheduled Board meeting, its final actions approving: salary ranges for Executives, base salaries for Executives, individual goals established under the Executive Performance Incentive Plan, incentive payouts and any matter requiring Board approval under the following paragraph. The ECC report shall contain such additional information as requested by the Board.

F. Required Documentation.

The ECC shall document its compensation decisions at the time the ECC approves the compensation amount. The written or electronic records of the ECC must state, as to each compensation arrangement:

- (a) The terms of the approved compensation arrangement and the date approved;
- (b) The members of the ECC who were present during debate and those who voted on it;
- (c) The comparability data obtained and relied upon by the ECC and how the data was obtained; and
- (d) Any actions taken with respect to members of the ECC, e.g., recusal, who had a conflict of interest with respect to the transaction.

Should the ECC determine that reasonable compensation for a specific compensation arrangement is higher or lower than the range of comparability obtained, the ECC must record

the basis for its determination.

Such records must be prepared before the later of the next meeting of the ECC or 60 days after the final action or actions of the ECC are taken. Records must be reviewed and approved by the ECC as reasonable, accurate and complete within a reasonable time period thereafter.

G. ECC Charter.

Except as set forth herein or in Resolution 2018 - 05, the ECC shall continue to perform all advisory activities set forth in the ECC charter in its role as an advisory committee of the Board.

APPENDIX A

- Chief Administrative Services Officer
- Chief Financial Officer
- Chief Human Resources Officer
- Chief Information Officer
- Chief Medical Officer
- Chief Nursing Officer
- Chief Operating Officer
- Chief Strategy Officer
- General Counsel
- President of El Camino Hospital Foundation
- President, SVMD
- Vice President of Corporate & Community Health Services*
- Vice President of Payor Relations*

*Current Incumbents Grandfathered into the Plan

APPENDIX B

List of ECH Policies relating to Executive Compensation (as of April 18, 2018)

1. Policy 3.01. Executive Compensation Philosophy.
2. Policy 3.02. Executive Base Salary Administration.
3. Policy 3.03. Executive Benefits Policy
4. Policy 3.04. Executive Performance Incentive Plan

El Camino Hospital Board of Directors Executive Compensation Committee Charter

Purpose

The purpose of the Executive Compensation Committee (“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 shall advise the Board to meet all applicable legal and regulatory requirements as it relates to executive compensation.

Authority

All governing authority for ECH resides with the Hospital Board except that which may be lawfully delegated to a specific Board committee. The Committee will report to the full Board at the next scheduled meeting any action or recommendation taken within the Committee’s authority. The Committee has the authority to select, engage and supervise a consultant to advise the Board and the Committee on executive compensation issues. In addition, the Committee, by resolution, may adopt a temporary advisory committee (ad hoc) of less than a quorum of the members of the Committee. The resolution shall state the total number of members, the number of board members to be appointed, and the specific task or assignment to be considered by the advisory committee.

Membership

- The Executive Compensation Committee shall be comprised of two (2) or more Hospital Board members. The Committee may also include 2-4 Community¹ members with knowledge of executive compensation practices, executive leadership and/or corporate human resource management.
- Executive compensation consultants will be retained as appropriate and participate as directed.
- The Chair of the Committee shall be appointed by the Board Chair, subject to approval by the Board. All members of the Committee shall be eligible to serve as Chair of the Committee.
- All Committee members, with the exception of new Community members, shall be appointed by the Board Chair, subject to approval by the Board. New Community members shall be appointed by the Committee, subject to approval of the Board. All Committee appointments shall be for a term of one year expiring on June 30th, renewable annually.
- It shall be within the discretion of the Chair of the Committee to appoint a Vice-Chair from among the members of the Committee. If the Chair of the Committee is not a Hospital Board member, the Vice-Chair must be a Hospital Board member.
- All members of the Committee must be independent directors with no conflict of interest regarding compensation or benefits for the executives whose compensation is reviewed and recommended by the Committee. Should there be a potential conflict, the determination regarding independence shall follow the criteria approved by the Board and as per the Independent Director Policy (*see* attached Appendix).

¹ Community Members are defined as Members of the Committee who are not El Camino Hospital Board Directors.

Staff Support and Participation

The Chief Human Resources Officer shall serve as the primary staff support to 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 attend meetings at the discretion of the Committee Chair. These individuals shall be recused when the Committee is reviewing their individual compensation.

General Responsibilities

The Committee is responsible for recommending to the full Board policies, processes and procedures related to executive compensation philosophy, operating performance against standards, executive development and succession planning.

Specific Duties

The El Camino Hospital Board has adopted Resolution 2018-05 delegating certain decision-making authority to the Executive Compensation Committee. Resolution 2018-05 controls in the case of any inconsistency between this Charter and the Resolution or attachments to the Resolution. The specific duties of the Executive Compensation Committee include the following:

A. Executive Compensation

- Develop a compensation philosophy that clearly explains the guiding principles on which executive pay decisions are based. Recommend the philosophy for approval by the Board.
- Develop executive compensation policies to be approved by the Board.
- Review and maintain an executive compensation and benefit program consistent with the executive compensation policies, which have been approved by the Board. Recommend any material changes in the program for approval by the Board.
- Review the CEO's salary range, performance incentive program, benefit plan, and perquisites. Recommend to the Board any salary change to base salary range and/or base salary as well as performance incentive payouts based on organizational performance.
- Review the CEO's recommendations regarding salary and performance incentive payouts for the upcoming year for the executives whose compensation is subject to review by the Committee based on the CEO's evaluation of the executives' individual performance. Approve recommendations for any salary range or base salary changes and/or any performance incentive payouts within established guidelines based on the CEO's evaluation of the executives' individual performance. Recommend to the Board any salary changes and/or performance incentive payments that are outside established guidelines.
- Periodically evaluate the executive compensation program, including the charter, policies, and philosophy on which it is based, to assess its effectiveness in meeting the Hospital's needs for recruiting, retaining, developing, and motivating qualified leaders to execute the Hospital's strategic and short term objectives..

- Periodically review the total value, cost and reasonableness of severance and benefits for executives.
- Annually review and present for Board acceptance the letter of rebuttable presumption of reasonableness.
- Review market analyses and recommendations of the Committee's independent executive compensation consultant.
- Approve salary ranges for each new executive and approve placement in the range for those executives eligible for the plan within established guidelines. Recommend a salary range to the Board and placement therein for the CEO and or actions for other executives that are outside established guidelines.

B. Performance Goals Setting and Assessment

- Review and provide input into the CEO's recommendations regarding annual organization goals and measures used in the Executive Performance Incentive Plan. Recommend organizational performance incentive goals and measurements for approval by the Board.
- Provide input into establishing the CEO's annual individual performance incentive goals and performance appraisal process to execute the Hospital's strategic plan. Recommend the CEO's individual annual goals and measures for approval by the Board.
- Provide input into establishing the executive team's annual performance incentive goals to execute the Hospital's strategic plan and approve the annual goals and measures.

C. Executive Succession and Development

- Review annually the CEO's own succession plan, including a leadership and professional development plan based on the previous year's talent assessment.
- Review annually the CEO's succession plan for the executive team members, which shall include the process by which potential executives are identified and developed.

Committee Effectiveness

The Committee is responsible for establishing its annual goals, objectives and workplan in alignment with the Board and Hospital's strategic goals. The Committee shall be focused on continuous improvement with regard to its processes, procedures, materials, and meetings, and other functions to enhance its contribution to the full Board. In addition, the Committee shall provide counsel and advice to the Board as requested.

Meetings and Minutes

The Committee shall meet at least once per quarter. The Committee Chair shall determine the frequency of meetings based on the Committee's annual goals and work plan. Minutes shall be kept by the assigned staff and shall be delivered to all members of the Committee when the agenda for the subsequent meeting is delivered. The approved minutes shall be forwarded to the Board for information.



Meetings and actions of all advisory committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VI of the Bylaws, concerning meetings and actions of directors. Special meetings of advisory committees may also be called by resolution of the Board and the Committee Chair. Notice of any special meetings of the Committee requires a 24 hour notice.

Appendix

Definition of Independent Director – Compensation Committee

1. An independent director is a more limited and narrow classification of director than otherwise required by law and is not meant to expand or limit the definition of interested director for purposes of the El Camino Hospital Conflict of Interest Policy or to expand or reduce the scope of any legal duty or otherwise applicable legal obligation of a director. The Board of Directors, by separate resolution, may determine to limit membership on particular committees to independent directors to avoid even the appearance of a conflict of interest.
2. A member of the Board of Directors of El Camino Hospital shall be deemed to be an independent director so long as such director (and any spouse, sibling, parent, son or daughter, son- or daughter-in-law or grandparent or descendant of the director):
 - i. has not, within the preceding twelve (12) months, received payments from El Camino Hospital, a subsidiary or affiliate of El Camino Hospital in excess of Ten Thousand Dollars (\$10,000), excluding reimbursement of expenses or other permitted payments to a director related to service as a director;
 - ii. does not own an interest in an entity, or serve as a Board member or executive of an entity, that is a direct competitor of El Camino Hospital (or an entity controlling, controlled by or under common control with El Camino Hospital) for patients or services, located within ten (10) miles of El Camino Hospital (or an entity controlling, controlled by or under common control with El Camino Hospital). An entity is not a direct competitor if it provides competing services in the above area that do not exceed ten percent (10%) of such entity's revenues.
3. If a director is an owner of an entity, then the amount received from El Camino Hospital during any period shall be determined by multiplying the percentage ownership interest of the director in such entity by the total amount paid by El Camino Hospital to such entity during such period.
4. Each director appointed to the Compensation Committee and the Compliance and Internal Audit Committee shall be, at the time of appointment and while a member of such Committee, an independent director as defined above.
5. **Note:** Other laws may prohibit certain contracts or interests in their entirety and this definition is not intended to narrow or otherwise limit the application of any such law.

**EL CAMINO HOSPITAL
COMMITTEE MEETING COVER MEMO**

To: Executive Compensation Committee
From: Dan Woods, CEO and Greg Souza, Interim Chief HR Officer
Date: May 18, 2022
Subject: Proposed FY 2023 Organizational Goals

Recommendation(s):

To recommend that the Board of Directors approve the proposed FY 2023 organizational goals for the Executive Performance Incentive Plan.

Summary:

1. Situation: Each year the Committee along with the other Board Committees review leadership's proposed organizational goals. The Committee will review and recommend that the Board approve the organizational goals as part of the Executive Performance Incentive Plan.
2. Authority: The Committee will review and recommend that the Board approve the organizational goals as part of the Executive Performance Incentive Plan.
3. Background: The leadership team has worked over the past few months to develop and recommend the FY23 organizational goals and am recommending three be used as FY23 Performance Incentive Plan goals.
4. Assessment: N/A
5. Other Reviews: Both the Finance and Quality Committees will have the opportunity to review the proposed goals and metrics between this meeting and the Board of Directors' meeting on June 8, 2022
6. Outcomes: The organizational goals approved by the Board of Directors will be used for the management performance incentive plan and employee engagement and recognition program as well as for executive performance incentive plan.

List of Attachments:

1. Proposed FY23 Organizational Goals and Proposed FY23 Performance Incentive Plan Goals
2. Hospital Acquired Index – Measure Definition Worksheet

Suggested Committee Discussion Questions:

1. Does the Committee have any questions about the goals, benchmarks, or measurements?
2. Does the Committee propose any modifications to leadership's recommended measurements?

Proposed Fiscal Year 2023 Organizational Performance Goals – Draft 05/18/2022

True North Pillar	Weight	GOAL	OBJECTIVES/OUTCOMES	Benchmark		Measurement Defined			Measurement Period
				Internal Benchmarks	External Benchmark	Minimum	Target	Stretch	
Threshold		Operating EBIDA Margin	Maintain positive EBIDA Margin	FY2020: 11.6%; FY2021: 15.8% FY2022 through March: 19.6% Budget FY2023: 16.7%	Moody's: Median for 'A1': 9.7% Median for 'Aa3': 8.9%	≥ 13.4% Operating EBIDA Margin (80% of budget)			FY2023
Quality and Safety	30%	Zero Preventable Harm	Hospital Quality Composite	FY2022 composite score	Internal Calculation; limited external benchmarks	2.5% improvement from FY2022 baseline	5.0% improvement from FY2022 baseline	7.5% improvement from FY2022 baseline	FY2023
Service	15%	Exceptional Personalized Experience, Always	Likelihood to Recommend (LTR) – Inpatient	FY2021: 79.6 (80 th %ile) FY2022 through April: 81.1 (88 th %ile)	Press Ganey	Maintain FY2022 baseline	50% of improvers	30% of improvers	FY2023
	15%		LTR – El Camino Health Medical Network	FY2021: 76.0 (26 st %ile)(NRC) FY2022 through April : 75.0 (21 st %ile) FY2022 Jan – Apr (PG) 81.0 (20 th %ile)	Press Ganey	Maintain FY2022 baseline	50% of improvers	30% of improvers	FY2023
People	20%	Teams Aligned & Empowered With Trust and Purpose	Culture of Safety	FY2018: 4.04 FY2021: 3.96	4.01 (50%ile) (Press Ganey National Average 2021) Measurements are based on statistically significant improvement	3.99	4.02	4.04	FY2023
Finance	20%	Sustainable Strength and Vitality	Operating EBIDA Margin	Actual FY2020-22: 11.6%; 15.8%; 18.0% Actual FY2022 through April: 19.6% Budget FY2023: 16.7%	Moody's: Median for 'A1': 9.7% Median for 'Aa3': 8.9%	100% of budget	105% of budget	110% of budget	FY2023

	Measure	Definition Source	Measure Definition	FY22* reporting measure date	FY 2022*				FY 2021				FY 2020			
					Numerat or	Rate YTD	Weight	Weight ed Rate	Numerat or	Rate	Weight	Weight ed Rate	Numerat or	Rate	Weight	Weight ed Rate
1	C-diff	NHSN/CDC	Infection Rate is predicted infections to meet Target/Goal: NHSN SIR. Inclusion criteria: in-patients only 1. Based on NHSN defined criteria 2. ALL positive C.diff Toxin/antigen lab tests that result on or after the patient's 4th day of hospitalization. Exclusion criteria: Out-patients and ED patients. Rate of infection per 10,000 patient days.	Through Dec 2021	17	2.67	25%	0.67	19	1.87	25%	0.47	14	1.57	25%	0.39
2	SSI	NHSN/CDC	Number of SSI per total # surgical procedures x 100	Through Dec 2021	17	0.31	25%	0.08	22	0.31	25%	0.08	23	0.35	25%	0.09
3	Inpatient Unit Patient Falls	NDNQI/Press Ganey	Patient falls reported to NDNQI per 1000 Patient Days (NDNQI reported) . Excludes ED, L&D and intentional falls.	Through Jan 2022	175	2.25	15%	0.34	195	2.28	15%	0.34	196	1.45	15%	0.22
4	HAPI	NDNQI/Press Ganey	Stage 3, Stage 4 and Unstageable Hospital Acquired Pressure Injury Rate (excludes skin failure and expired patients). Per 1000 Total Patient Days	Through Jan 2022	4	0.05	20%	0.01	6	0.06	20%	0.01	10	0.11	20%	0.02
5	NV HAP	Internal measure	number of nvHAP cases per 1000 patient days	Through Feb 2022	79	1.16	15%	0.17	55	0.59	15%	0.09	121	1.31	15%	0.20
ECH HAC INDEX					0.25				0.20				0.18			

Target	Improvement from FY22 baseline
Threshold	5%
Target	7.50%
Max	10%