

AGENDA

EXECUTIVE COMPENSATION COMMITTEE OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

Thursday, September 19, 2019 – 4:00pm

El Camino Hospital | Conference Room A (ground floor)
2500 Grant Road Mountain View, CA 94040

Pat Wadors will be participating via teleconference from 237 San Clemente St. Santa Barbara, CA 93109.

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. INTRODUCTIONS	Bob Miller, Chair		information 4:05 – 4:10
5. 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 (May 30, 2019) Information b. Progress Against FY20 ECC Goals	Bob Miller, Chair	<i>public comment</i>	motion required 4:10 – 4:11
6. REPORT ON BOARD ACTIONS ATTACHMENT 6	Bob Miller, Chair		information 4:11 – 4:16
7. GENERATIVE GOVERNANCE ATTACHMENT 7	Bob Miller, Chair		discussion 4:16 – 4:31
8. FY19 ORGANIZATIONAL SCORE ATTACHMENT 8	Dan Woods, CEO		discussion 4:31 – 4:41
9. FY19 CEO PERFORMANCE REVIEW PROCESS AND FY20 RECOMMENDATIONS ATTACHMENT 9	Lisa Stella, Mercer; Bob Miller, Chair	<i>public comment</i>	possible motion 4:41 – 5:06
10. ADJOURN TO CLOSED SESSION	Bob Miller, Chair		motion required 5:06 – 5:07
11. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Bob Miller, Chair		5:07 – 5:08

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
12. 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 (May 30, 2019)	Bob Miller, Chair		motion required 5:08 – 5:09
13. Health & Safety Code 32016(b) for a report and discussion involving health care facility trade secrets; <i>Gov't Code Section 54957.6</i> for a conference with labor negotiator Dan Woods: - Proposed FY19 Individual Executive Incentive Goal Scores	Dan Woods, CEO		possible motion 5:09 – 5:34
14. Gov't Code Section 54957.6 for a conference with labor negotiator Dan Woods: - Proposed FY19 Individual Executive Incentive Plan Payouts	Dan Woods, CEO		discussion 5:34 – 5:42
15. Health & Safety Code 32016(b) for a report and discussion involving health care facility trade secrets; <i>Gov't Code Section 54957.6</i> for a conference with labor negotiator Dan Woods: - Proposed FY19 CHRO Incentive Goal Score	Dan Woods, CEO		possible motion 5:42 – 5:44
16. Gov't Code Section 54957.6 for a conference with labor negotiator Dan Woods: - Proposed FY19 CHRO Incentive Plan Payout	Dan Woods, CEO		discussion 5:44 – 5:45
17. Gov't Code Section 54957.6 for a conference with labor negotiator Dan Woods: - Proposed FY20 President, Foundation Base Salary	Dan Woods, CEO		discussion 5:45 – 5:49
18. ADJOURN TO OPEN SESSION	Bob Miller, Chair		motion required 5:49 – 5:50
19. 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.			
20. PROPOSED FY19 INDIVIDUAL EXECUTIVE INCENTIVE PLAN PAYOUTS	Dan Woods, CEO	<i>public comment</i>	possible motion 5:51 – 5:53
21. PROPOSED FY20 PRESIDENT, FOUNDATION BASE SALARY	Dan Woods, CEO	<i>public comment</i>	possible motion 5:53 – 5:55
22. FY20 PACING PLAN <u>ATTACHMENT 22</u>	Bob Miller, Chair		discussion 5:55 – 5:57
23. CLOSING COMMENTS	Bob Miller, Chair		discussion 5:57 – 5:59

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
24. ADJOURNMENT	Bob Miller, Chair	<i>public comment</i>	motion required 5:59 – 6:00pm

Upcoming Meetings:

Regular Meetings: November 7, 2019; April 2, 2020; May 28, 2020

Educational Sessions: October 23, 2019; April 22, 2020



**Minutes of the Open Session of the
Executive Compensation Committee
Thursday, May 30, 2019**

**El Camino Hospital | Conference Room A (ground floor)
2500 Grant Road, Mountain View, CA 94040**

Members Present

Julie Kliger, Vice Chair
Jaison Layney
Bob Miller, Chair
John Zoglin

Members Absent

Teri Eyre
Pat Wadors

****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 “ <u>Committee</u> ”) was called to order at 4:05pm by Chair Bob Miller. A silent roll call was taken. John Zoglin joined the meeting at 4:10pm during Agenda Item 6: FY20 Organizational Goals. Ms. Eyre and Ms. Wadors were absent. 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. AGENDA ITEM 5: REPORT ON BOARD ACTIONS	Chair Miller referred to the recent Board approvals, highlighting the approval of the executive performance incentive plan.	
5. AGENDA ITEM 4: CONSENT CALENDAR	<p>This item was deferred until a quorum was present.</p> <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 (April 2, 2019); and for information: Progress Against FY19 ECC Goals; Article of Interest.</p> <p>Movant: Layney Second: Kliger Ayes: Kliger, Layney, Miller, Zoglin Noes: None Abstentions: None Absent: Eyre, Wadors Recused: None</p>	<i>Consent calendar approved</i>
6. AGENDA ITEM 6: FY20 ORGANIZATIONAL GOALS	<p>Dan Woods, CEO described the review by the Quality and Finance Committees of the proposed organizational goals related to their areas of expertise.</p> <p>In response to Committee questions, Mr. Woods and the Committee discussed:</p> <ul style="list-style-type: none">- The different measures of the “People” goal for employees versus management- The exclusion of a separate financial goal, but the inclusion of a shadow financial metric this year- Recalibration with executives to focus on target rather than working toward only stretch/maximum	<i>FY20 Organizational Goals recommended</i>

	<ul style="list-style-type: none"> - The art of setting targets, including 1) use of the prior year's performance as a baseline, 2) when maintenance rather than better performance may be appropriate, and 3) how best to measure a new/innovative process <p>Chair Miller noted that the Committee's role is to evaluate the structure of the goals.</p> <p>Cheryl Reinking, RN, CNO joined the meeting.</p> <p>Motion: To recommend that the Board approve FY20 Organizational Goals.</p> <p>Movant: Layney Second: Kliger Ayes: Kliger, Layney, Miller, Zoglin Noes: None Abstentions: None Absent: Eyre, Wadors Recused: None</p> <p>Ms. Reinking left the meeting.</p>	
7. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 4:22pm.</p> <p>Movant: Kliger Second: Layney Ayes: Kliger, Layney, Miller, Zoglin Noes: None Abstentions: None Absent: Eyre, Wadors Recused: None</p>	<i>Adjourned to closed session at 4:22pm</i>
8. AGENDA ITEM 18: RECONVENE OPEN SESSION/ REPORT OUT	<p>Open session was reconvened at 5:37pm. Agenda items 8-17 were addressed in closed session.</p> <p>During the closed session, the Committee approved the Minutes of the Closed Session of the Executive Compensation Committee Meeting (April 2, 2019), the Proposed FY20 Individual Executive Incentive Goals, and the Proposed FY20 CHRO Incentive Goals by a unanimous vote in favor of all members present (Kliger, Layney, Miller, Zoglin). Ms. Eyre and Ms. Wadors were absent.</p>	
9. AGENDA ITEM 19: PROPOSED FY20 EXECUTIVE SALARY RANGES	<p>Motion: To approve the proposed FY20 Executive Salary Ranges, with the exception of the CHRO and the CEO.</p> <p>Movant: Layney Second: Kliger Ayes: Kliger, Layney, Miller, Zoglin Noes: None Abstentions: None Absent: Eyre, Wadors Recused: None</p> <p>A summary of the approved salary ranges is attached to these minutes for reference in Attachment A.</p>	<i>FY20 Executive Salary Ranges approved</i>
10. AGENDA ITEM 20: PROPOSED FY20 EXECUTIVE BASE SALARIES	<p>Motion: To approve the proposed FY20 Executive Base Salaries, with the exception of the CHRO and the CEO.</p> <p>Movant: Zoglin Second: Layney Ayes: Kliger, Layney, Miller, Zoglin Noes: None</p>	<i>FY20 Executive Base Salaries approved</i>

	<p>Abstentions: None Absent: Eyre, Wadors Recused: None</p> <p>A summary of the approved base salaries is attached to these minutes for reference in Attachment B.</p>	
<p>11. AGENDA ITEM 21: PROPOSED FY20 CHRO SALARY RANGES AND BASE SALARY</p>	<p>Motion: To approve the proposed FY20 CHRO Salary Range and Base Salary.</p> <p>Movant: Zoglin Second: Layney Ayes: Kliger, Layney, Miller, Zoglin Noes: None Abstentions: None Absent: Eyre, Wadors Recused: None</p> <p>A summary of the approved base salary and salary range are attached to these minutes for reference in Attachments A and B.</p>	<p><i>FY20 CHRO Salary Range and Base Salary approved</i></p>
<p>12. AGENDA ITEM 22: PROPOSED FY20 CEO SALARY RANGE AND BASE SALARY</p>	<p>Motion: To recommend that the Board approve the proposed FY20 CEO Salary Range.</p> <p>Movant: Kliger Second: Layney Ayes: Kliger, Layney, Miller, Zoglin Noes: None Abstentions: None Absent: Eyre, Wadors Recused: None</p> <p>A summary of the recommended salary range is attached to these minutes for reference in Attachments C.</p>	<p><i>FY20 CEO Salary Range recommended and Base Salary options forwarded for consideration</i></p>
<p>13. AGENDA ITEM 23: FY20 PACING PLAN</p>	<p>The Committee noted the following upcoming items and additions to the pacing plan, including discussions on 1) salary administration in November and 2) generative governance in September.</p> <p>Motion: To approve the FY20 Pacing Plan.</p> <p>Movant: Layney Second: Zoglin Ayes: Kliger, Layney, Miller, Zoglin Noes: None Abstentions: None Absent: Eyre, Wadors Recused: None</p>	<p><i>FY20 Pacing Plan approved</i></p>
<p>14. AGENDA ITEM 24: 6-MONTH EXECUTIVE COMPENSATION CONSULTANT REVIEW</p>	<p>The Committee discussed the performance of the executive compensation consultant over the last six (6) months using the evaluation dashboard previously reviewed by the Committee, including the transition of the principal consultant, available expertise in executive benefits and talent development, and upcoming work and project management.</p> <p>The Committee requested that staff provide a timeline for initiating an RFP at the Committee's next meeting.</p>	<p><i>RFP timing to be added to pacing plan</i></p>
<p>15. AGENDA ITEM 25: CLOSING COMMENTS</p>	<p>Mr. Zoglin suggested adding an Executive Session to the Committee's agendas.</p> <p>There were no additional comments from the Committee.</p>	

16. AGENDA ITEM 26: ADJOURNMENT	Motion: To adjourn at 5:56pm. Movant: Kliger Second: Zoglin Ayes: Kliger, Layney, Miller, Zoglin Noes: None Abstentions: None Absent: Eyre, Wadors Recused: None	<i>Meeting adjourned at 5:56pm</i>
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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

ATTACHMENT A
El Camino Hospital FY20 Executive Salary Ranges
Approved by the Executive Compensation Committee

May 30, 2019

	FY20 Salary Range		
Position	Minimum	Midpoint	Maximum
Chief Administrative Services Officer	\$243,200	\$304,000	\$364,800
Chief Financial Officer	\$498,400	\$623,000	\$747,600
Chief Information Officer	\$364,000	\$455,000	\$546,000
Chief Medical Officer	\$472,000	\$590,000	\$708,000
Chief Nursing Officer	\$314,400	\$393,000	\$471,600
Chief Operating Officer	\$527,120	\$658,900	\$790,680
Chief Strategy Officer (<i>open position</i>)	\$336,160	\$420,200	\$504,240
General Counsel	\$386,400	\$483,000	\$579,600
President ECH Foundation (<i>open position</i>)	\$232,800	\$291,000	\$349,200
President, SVMD	\$366,400	\$458,000	\$549,600
VP, Corporate & Comm. Health Svcs; President, CONCERN:EAP	\$243,200	\$304,000	\$364,800
VP, Payor Relations	\$208,000	\$260,000	\$312,000
Chief Human Resources Officer	\$322,400	\$403,000	\$483,600

ATTACHMENT B
El Camino Hospital FY20 Executive Base Salaries
Approved by the Executive Compensation Committee

May 30, 2019

Position	FY20 Base Salary
Chief Administrative Services Officer	\$312,090
Chief Financial Officer	\$508,820
Chief Information Officer	\$393,490
Chief Medical Officer	\$592,250
Chief Nursing Officer	\$378,780
Chief Operating Officer	\$566,500
General Counsel	\$427,280
President, SVMD	\$527,280
VP, Corporate & Comm. Health Svcs; President, CONCERN:EAP	\$275,010
VP, Payor Relations	\$280,880
Chief Human Resources Officer	\$368,600

ATTACHMENT C
El Camino Hospital Proposed FY20 CEO Salary Ranges
Recommended for Board Approval
by the Executive Compensation Committee

May 30, 2019

	FY20 Salary Range		
Position	Minimum	Midpoint	Maximum
Chief Executive Officer	\$919,000	\$1,149,000	\$1,379,000

FY20 COMMITTEE GOALS (Progress as of 8/27/2019)

Executive Compensation Committee

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 9/11/2019 - Committee approves FY19 Executive Performance Incentive Scores and Payouts (Q1) PACED FOR 9/19/2019 - Board approves Letter of Reasonableness (Q3) ON PACING PLAN - Committee approves FY21 executive base salaries (not including the CEO) (Q4) ON PACING PLAN (5/28/2020) - Board approves FY21 organizational goals (Q4) ON PACING PLAN - Committee approves FY21 individual goals (Q4) ON PACING PLAN (5/28/2020)
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) ON PACING PLAN (11/7/2019) - Board Chair reviews cost/value of consultant (Q2) - Committee discusses results of self-assessment (Q4) ON PACING PLAN (5/28/2020)
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"> - Board Chair completes CEO review (Q1) COMPLETED - CHRO updates Committee on leadership (Q4) ON PACING PLAN (4/2/2020)

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

Approved by the ECH Board of Directors 6/12/2019



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

To: Executive Compensation Committee
From: Cindy Murphy, Director of Governance Services
Date: September 19, 2019
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 twice and the District Board has met once. 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.

A. ECH Board Actions

June 12, 2019

- Approved FY19 Period 10 Financials
- Approved FY20 Organizational Goals
- Approved FY20 El Camino Hospital Capital and Operating Budget
- Approved FY20 Community Benefit Plan
- Approved FY20 CEO Salary Range
- Approved FY20 Master Calendar, Committee Appointments and Committee Goals
- Approved Infection Control Medical Director Agreement

August 21, 2019

- Approved the FY20 El Camino Hospital Board Member Competency Matrix
- Approved the FY20 Board Education Plan
- Completed FY19 CEO Performance Evaluation
- Approved Cardiothoracic Surgery On-Call Panel Renewal
- Approved Colorectal Surgeon Physician Income Guarantee
- Approved FY19 Year-End Financial Report
- Approved FY20 and 21 Medical Staff Development Plan
- Approved Radiation Oncology Equipment Replacement
- Approved ED Remodel Project
- Approved Revised Medical Staff Bylaws

Report on Board Actions
September 19, 2019

- Appointed Terrigal Burn, MD; Caroline Currie, Alyson Falwell and Krutica Sharma, MD to the Quality, Patient Care and patient Experience Committee

B. ECHD Board Actions

June 18, 2019

- Approved Resolution 2019-05 Recognizing ECH Community Benefit Grantee Cristo Rey San Jose Jesuit High School
- Approved Resolution 2019-06 Establishing Tax Appropriation Limit
- Approved FY20 Community Benefit Plan
- Approved FY20 ECH Capital and Operating Budget, FY20 ECHD Consolidated and Stand-Alone Budget and FY19 Period 10 Financials
- Allocated \$6,958,521 of tax revenues to the Mountain View Campus Women's Hospital Expansion/Renovation/Reconstruction Project
- Appointed Director Julia Miller as the District's Liaison to the Community Benefit Advisory Council
- Elected New Board Officers
 - Gary Kalbach, Chair
 - George O. Ting, MD, Vice Chair
 - Julia Miller, Secretary/Treasurer
- Appointed Julia Miller as Chair of the ECH Board Member Election and Re-Election Ad Hoc Committee, George O. Ting, MD as a member of the Committee and Lanhee Chen and Christina Lai as advisors.

C. Finance Committee Actions

July 29, 2019 – Approved Heart Failure Medical Director Agreement

D. Compliance and Audit Committee: None since last report.

E. Executive Compensation Committee Actions:

May 30, 2019 – Approved FY19 Executive (non-CEO) Salary Ranges, Salaries and Individual Goals

4. Assessment: N/A
5. Other Reviews: N/A
6. Outcomes: N/A

List of Attachments: None.

Suggested Committee Discussion Questions: None.

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

To: Executive Compensation Committee
From: Kathryn Fisk, CHRO
Date: September 19, 2019
Subject: Generative Governance

Purpose:

To discuss governance at the Committee level.

Summary:

1. **Situation:** Chair Miller requested that this topic be added to the Pacing Plan for the Committee to consider and discuss effective governance.
2. **Authority:** This was part of the Board & Committee education plan for FY19.
3. **Background:** At the April 24, 2019 Board & Committee Education Session, Erica Osborne from Via Healthcare Consulting, presented information regarding governance at the committee level. Ms. Osborne defined the components of fiduciary, strategic, and generative governance and described generative thinking and how that can be applied to board and committee work. She also reviewed some committee best practices that can maximize committee effectiveness, including clearly defined purpose, effective leadership, strategic focus, well-facilitated meetings, thoughtfully appointed members, and regular evaluation and assessment.
4. **Assessment:** Below are the main points from Ms. Osborne's presentation for the Committee's discussion, consideration, and implementation:
 - Boards and Committees should view their work through multiple lenses, including fiduciary, strategic, and generative. In addition to reviewing information about past events and the status of the strategic plan, the board engages in deeper inquiry, exploring root causes, values, options, and new ideas. The most effective groups can operate between all three modes.
 - Generative views involve: 1) identifying the organizations mission/vision/values and ensure that the mission and values drive strategies and decision-making; 2) core work is creative, "out of the box" thinking and trying new meeting techniques; and 3) success is measured by signs of learning and discerning.
 - Generative thinking requires work and reflection at every meeting as to how the Committee is doing and what everyone is learning. Members are encouraged to ask questions rather than making statements, to play devil's advocate, and to think about issue framing and how decisions are made.
5. **Other Reviews:** N/A
6. **Outcomes:** The Committee Self-Assessments will be conducted this fiscal year and could be used to measure the pursuit of generative governance. As a result of the Board's FY19 self-assessment, it will be implementing short post-meeting evaluations to assess meeting effectiveness, including agenda items, presentations, and discussion. The reviews can be conducted verbally or via a short written form.

List of Attachments:

1. Article of Interest, Why Board Culture Matters
2. Article of Interest, A Matter of Perspective

Note: Ms. Osborne's slides from the education session will be made available at the meeting.

Suggested Committee Discussion Questions:

1. How can this Committee incorporate more generative governance into its work?

Why Board Culture Matters

Interpersonal and group dynamics can affect the entire organization

By Pamela R. Knecht and Karma Bass

The board was stuck. Several members again were pressing the chief financial officer to provide detailed information on a line item in the proposed budget for the four-hospital health system. Most of the members felt that their colleagues were micromanaging when they should have been focusing on the bigger picture. But because the insistent board members were smart, articulate and forceful, a few others on the board were beginning to believe that their line of questioning was not only appropriate, but necessary. The rest were frustrated and uncomfortable.

Meanwhile, the chair was growing concerned about the amount of time that management was spending gathering, analyzing and presenting operational information. The CEO had confided that her team was becoming confused and worn-out in trying to respond to all the detailed questions. Both the chair and the CEO knew that the board needed to be spending much more time talking about some key strategic issues facing the system, such as a potential affiliation with another

hospital, but neither they nor other board members were willing to confront their colleagues about their behavior.

This board's problem is not due to a poor strategy, an incorrect committee structure, too many or too few members, or the lack of clear policies. The issue is the board's culture. As the chair commented, "We aren't working together as one group that has honest discussions and a willingness to address counterproductive behavior."

Unfortunately, this scenario is playing out in boardrooms across the country. Far too many boards are unwilling or

unable to address the interpersonal issues and group dynamics that keep them from doing their jobs well. As a result, some of these boards and their organizations likely are underperforming.

The health system described almost lost the opportunity to expand its services into a contiguous area because the board never seemed to have enough time to fully discuss the potential affiliation. What could have been a relatively easy affiliation agreement with a neighboring hospital dragged on for so long that it turned into a competitive bidding process and required signifi-



cantly more of the system's resources than necessary.

Defining Culture

The culprit in this case, and many others, was that the board's culture prevented it from being truly effective. What, then, is culture?

In the book *Organizational Culture and Leadership*, author Edgar H. Schein defined culture as "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems." More simply stated: "It is how we learned to do things around here."

In the case study, the board's culture had become one in which asking management tough questions about anything was admired; each member was encouraged to continue to ask management about the same issue until he or she was satisfied with the answer — even if that topic did not interest the rest of the board. Board members treated each other politely, meaning they did not criticize or question each other. At some point in the organization's past, those behaviors most likely were seen as reasons for the system's success. That is why it became the way board members had "learned to do things around here."

This culture might have been appropriate for a much smaller organization in the past, but it was hindering the board of a large, complex health system today. But culture is hard to change. As one board member remarked, "[We have] board members who are working really hard ... and a CEO who is excellent, [but] our dysfunctional relationships have us beat."

Group Development's Role

To further complicate the situation, boards are groups of people who act in both predictable and unpredictable ways. For almost 50 years, social scientists have known that a group needs to go through four stages of development



if it is to tackle problems effectively and find solutions. The same is true of boards.

Warren Bennis, the author of numerous books on leadership including *On Becoming a Leader*, developed a model of group development that includes the following stages:

Dependence: During this stage, the group has just been formed. Members are driven by their desire to be accepted by others, so they are polite and tend to avoid conflict. They spend time getting to know each other and agreeing on logistics such as when and where to meet. They begin to set goals and accomplish tasks, but they are focused on what their individual roles will be. The group is highly dependent on the formal leader, who needs to be directive to help the group learn what it is supposed to do and to begin working together. At this stage, the group's productivity is not at an optimal level.

Counterdependence: Every group enters this stage when its members begin to freely express their differing ideas about which matters need to be solved and how best to resolve them. This

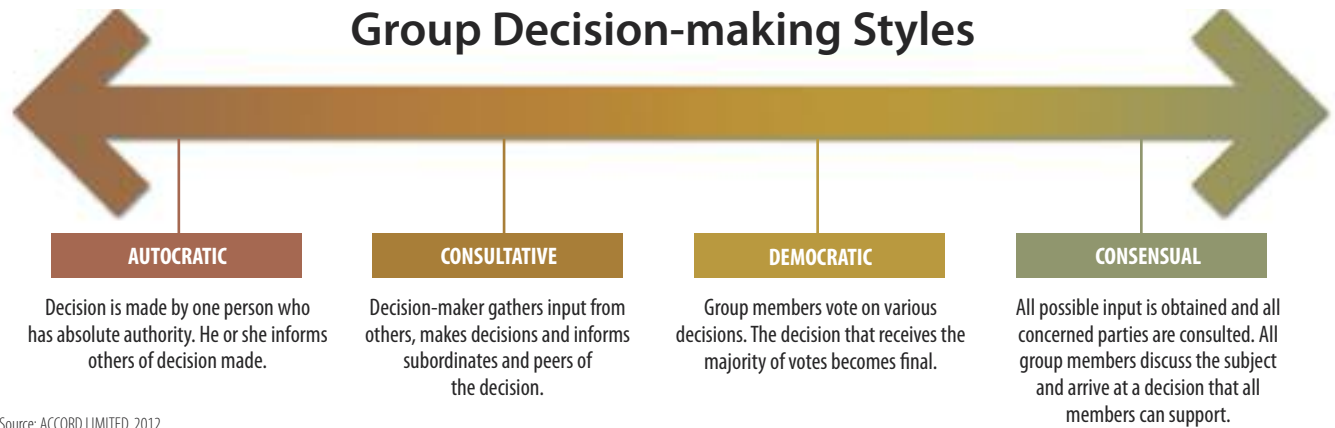
stage can be uncomfortable because conflict between and among group members begins to surface, but it is necessary for the growth of the group. It is here that the group learns to understand and begins to work through their differences. The group's productivity during this stage decreases because time and effort is spent dealing with the group and interpersonal dynamics. For instance, the group will begin to "storm" or become counterdependent regarding the formal leader, questioning his or her authority. The wise leader will resist taking back control and instead will facilitate the group's resolution of their differences. Some groups — and boards — never move out of this storming phase.

Resolution: Once the group has learned how to resolve its differences, it can create shared goals and plans to accomplish them. All group members then assume responsibility for attaining the group's goals. The effective leader of this group will continue to facilitate decision-making on goals and plans. The productivity of the group climbs to a higher point than it was during the dependence, or forming, stage.

Interdependence: Groups reach this last stage when each individual is motivated and knowledgeable, but they know how to function efficiently and effectively as one unit. Dissent is expected, and the group has agreed-upon methods for dealing with differing ideas. The individuals prefer working together, using all the skills and perspectives in the group. The unofficial leader of a group in this phase is often just another participant because the group has figured out how to work together without being dependent on the formal leader. Interdependent groups are highly productive.

Groups often will move back and forth among these stages; for example, the addition of a new member can force a group in the interdependence stage back to the dependence stage. Similarly, a new leader's style can cause the group to begin to fight against that individual's authority, thereby moving the group back into the counterdependence phase. High-functioning boards

Group Decision-making Styles



Source: ACCORD LIMITED, 2012

recognize these shifts and know what they need to do to reach interdependence again.

How a Board Develops

Whether a board is nominally or highly effective, the group development model provides a useful tool for understanding how boards can and should develop. It also can help to explain why some boards are not functioning at an optimal level.

As previously stated, the leader of a group is critical to that group's development. In the world of governance, this is the board chair's job. The Chair's Role in Board Development, previous page, describes how he or she should help the board to move through the stages of group development in a healthy manner.

One way in which any chair can use this model is to point out that every time a new member joins the board, it may move back into the dependence stage and essentially become a new group again. This is especially true if a third or more of the board members are new. Because the majority of nonprofit health care boards have term limits, most boards will experience the dependence stage at least every few years.

This reality should be anticipated and discussed openly. At the beginning of each new board, the chair should help members to get to know each other and to become comfortable with how the board works. The governance committee can support the chair by ensuring that orientation materials include group guidelines and member expectations, and by establishing mentoring

relationships between new and experienced board members.

Too many boards never make it out of the dependence stage. For instance, board members may remain too polite. A board chair in a rural area recently admitted that her fellow board members were sometimes reluctant to speak freely during meetings because of the tight, overlapping relationships in the community. They did not want to risk losing business or personal relationships, so they would not say anything that could be construed as critical of another board member.

The biggest obstacle in the development of most boards, however, is not being able to work through the counterdependence stage. Some board members do not have sufficient experience in dealing constructively with conflict. It takes a skilled leader to help them learn how to express their opinions, listen to others and come to a mutually acceptable resolution.

In some cases, the formal leader unintentionally keeps the group in the dependence stage. If the chair is uncomfortable with conflict during this stage, he or she may revert to a directive style to try to restore order and keep the board dependent on him or her. The chair may make decisions for the board, for example, or may rely too heavily on *Robert's Rules of Order* instead of facilitating open, robust conversations among all members.

Another common challenge for board chairs is that many of them are successful business people who are used to leading employees. As one board chair admitted, "This not-for-

profit health care world is so different. The board members are not paid, most of the physicians are not employees and there are so many stakeholders to consider. I don't know how to be a leader to people who do not report to me."

High-performing boards ensure they have formal board leadership development programs that help board members prepare for their roles. These programs include education on the stages of group development, conflict resolution and meeting facilitation, in addition to the typical topics dealing with health care trends, reimbursement and other industry challenges.

Sample Group Guidelines

- Lower the water line.
- Be honest.
- Don't hold back opinions and be willing to respectfully disagree.
- Use good listening skills.
- Encourage, respect and try to understand all opinions.
- Ensure that all feel heard; let all finish their thoughts.
- Avoid side conversations and speak one at a time.
- Keep all conversations confidential.
- Strive for consensus decision-making. — P.R.K. and K.B.

Meeting Dynamics

Another important aspect of a board's culture is its meeting dynamics. An often-overlooked fact is that boards only have authority when they are meeting together. This makes it even more important for highly functioning boards to

learn how to have effective, efficient meetings.

The first step to a great meeting is to understand that every meeting has at least two components: content and process. The content of the meeting includes the official reason for the meeting, the subject matter to be discussed, the formal rules and the authority structure. The process component is the way the individuals interact with each other. This includes people's feelings, hidden agendas, the informal

Building and Maintaining Healthy Board Culture

Written board policies that reinforce a healthy culture include:

- Board and committee member expectations agreement
- Board and committee member job descriptions
- Board member code of conduct
- Confidentiality policy
- Policy on governance information flow
- Policy on the distinction between governance and management
- Group behavior guidelines
- Board self-assessment policy

— P.R.K. and K.B.

leadership and the stages of the group's development.

The proper relationship between a meeting's content and its process can best be described by looking at an iceberg. The tip of the iceberg — what we see above the water line — is the content of the meeting. The part of the iceberg that is below the water line represents the process, or how the members of the group interact. Research has proven that the more a group "lowers the water line," or talks about the process component, the better the group's decisions.

The same concept should be applied to board meetings. Agendas should clearly articulate the purpose of the meeting, and the meeting materials should contain necessary background information. This helps the participants prepare for a meeting's content.

However, it is just as important to pay

attention to what is below the water line — how the board interacts. To ensure an effective meeting process, the board chair and board members should be attentive to the stages of group development, encourage productive interpersonal communications, and clarify the board's decision-making style (see page 23). In other words, they should lower the water line and discuss any process issues that may be getting in the way of the group's decision-making, such as admitting frustration with another board member's behavior.

The most effective boards address the process component by proactively developing guidelines for their interaction (see Sample Group Guidelines, page 23). The guidelines should be the result of a facilitated discussion about the desired group member behaviors. Each board's guidelines may be slightly different and the process by which they are developed is critical: The guidelines are only as useful as each individual's sense of ownership and investment in them, so a participative process should be used.

The development of group guidelines can be a powerful method of identifying the desired board culture. Real culture change can occur if the board uses the guidelines to hold all of its members accountable for their behavior.

Out in the Open

One of the most effective ways to improve a board's culture is to openly discuss it. Increasing the members' awareness of the impact that their group's process has on their decision-making effectiveness is a first step. This discussion often works best in a board retreat, away from the pressures and restrictions of a typical meeting. If the board engages in a regular self-assessment, adding a question or two about the board's culture, meeting effectiveness or group functioning can provide the opening for this discussion.

Another technique to consider is to spend five minutes or so after every board meeting to discuss group functioning and process. This check can pay

huge dividends over time.

If the board has a governance committee, it often will take the lead on facilitating culture development. This committee typically has the authority to recommend new board-level policies around how the board does its work. If the committee is not able to address these issues or if there is no governance committee, identifying board members who are interested in group dynamics and culture can be an effective way to create a task force focused on these issues. A smaller task force can take the time to reflect on, debate and discuss these issues, reporting back to the full board with its recommendations.

Formalizing the aspects of the board's culture and function that work well is another way to ensure a healthy board culture. Because culture depends on the individuals involved and the members of a board can change over time, formal, written policies that reinforce a healthy culture are critical (see Building and Maintaining Healthy Board Culture, left). Formalizing the aspects of the board that work well is another way to ensure a healthy board culture.

Organizational Impact

Board culture shifts slowly but with consistent effort, it can change. Strengthening the board's culture can begin with education regarding the key components of a healthy culture and an open conversation about the current and desired board dynamics. Once the board has lowered the water line and talked honestly about how it is doing its work, its effectiveness will improve.

A healthy culture at the very top of an organization can create a spillover effect to the organization as a whole. With all the changes facing health care organizations today, a healthy culture can be a key differentiator in facilitating an organization's success. **T**

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A Matter of Perspective

The best boards respect the line between governing and managing

By Karma H. Bass and Terri W. Cammarano

The chief executive of the hospital was frustrated. Despite working diligently with the chairman on board meeting agendas, developing relevant materials and getting board packets out in advance, she continued to be surprised by questions during the meetings: “What are you going to do about the cost overrun on the new parking lot construction?” “When do you anticipate having the new employee benefit plan in place?” “Why aren’t patient rooms available sooner for admissions from the emergency room?” The CEO was beginning to dread these meetings.

Board members, meanwhile, were confused and concerned. They read the board packets in advance and showed up for meetings feeling prepared. During meetings, they listened to the presentations and tried to help formulate solutions to the problems identified. But the CEO and her executive team did not always welcome the assistance; in fact, they sometimes seemed to resent it. So why, the board members wondered, were

issues being brought to the attention of the board if management did not want their feedback?

The retired lawyer on the board noticed that the CEO sometimes got defensive when trustees asked questions, which made him wonder if she had something to hide. When he mentioned this to the retired banker on the board, the banker agreed and noted that the hospital’s recent financial performance did not seem to be meeting expectations but the CEO kept assuring them that it was just a timing issue. Board members wanted more information and the CEO didn’t seem prepared to provide it at the meetings; instead, she wanted to take their questions offline or get back to them at the next meeting.

The chairman felt stuck. He provided feedback on meeting agendas the CEO sent him each month. He attempted to answer members’ questions when they called him to express concern. But his information about what was happening at the hospital was limited, too. He met with the CEO once or twice each month between

board meetings, and he had been on the board long enough to understand how complex these issues could be. But he wasn’t close enough to the hospital’s operations to answer all the questions his fellow board members were asking. He was pretty sure they had a good CEO who was performing well, but he was beginning to feel like a referee. The CEO and the board members all wanted what was best for the hospital and had agreed on the organization’s strategic goals. So, why did it seem as though board meetings regularly devolved into a back-and-forth exchange that left everyone unsatisfied?

Another Kind of Leadership

This scenario plays out far too often in boardrooms across the country. Well-meaning, skilled trustees want to make a difference and find their efforts misconstrued as micromanaging. Hardworking CEOs feel that the board won’t let them run the hospital as they were hired to do. It’s been said that all conflict arises from violated expectations. When the board and the execu-

tive team are not clear about the scope of their respective governance and management roles, someone is bound to be disappointed.

It's easy to see how there could be confusion: governance and management have much in common. Both require leadership, vision and an ability to analyze information for the purpose of making decisions. Both require an understanding of process and a focus on accomplishing goals using available resources. The confusion between governance and management is exacerbated by the fact that many board members have expertise in management and don't realize they need to deploy different skills to be effective on the board.

What Is Good Governance?

The practice of effective governance is not intuitive and requires an oversight perspective: eyes on, hands off (or, in the words of a Pennsylvania hospital board chairman, "Our board follows the N-I-F-O rule: nose in, fingers out.").

Good governance requires letting management run the show. Most directors are familiar with the basic board member fiduciary duties of care, loyalty and obedience. The duty of care means asking questions and requiring the level of information that a reasonable person might require before making major decisions. The duty of obedience requires attentiveness to the organization's mission when setting organizational goals and strategies. The duty of loyalty requires fidelity in the decision-making process; that is, looking out for the best interests of the organization and its charitable mission. All three duties require transparency, such as full disclosure of conflicts of interest. They do not require a knowledge of everything that transpires at the organization.

As a practical matter, the board's legally mandated fiduciary duties are carried out through oversight: policy formulation, decision-making based on policy, holding management accountable for following pol-

icy and producing intended results. This means the board is responsible for high-level policy and decision-making, rather than hands-on supervision. To act effectively, directors must be able to generally trust that management is appropriately implementing directives and avoid managing how they are executed.

Highly effective trustees often have a well-honed, almost instinctual sense of where to focus, how to approach issues and when to push management for better results. They act as a foil to management: holding up the mirror and letting management know when organizational efforts are diverging from the agreed-upon path and desired results. The board's role is to help bring out the best in an organization's leadership by challenging, supporting and requiring clarity.

Staying at 30,000 Feet

Effective board members must maintain a dogged focus on the long-term ability of the organization to further its mission. In the same way that one's eyes cannot simultaneously focus on near and far fields of vision, the board that focuses on the day-to-day details of an organization fails in its primary purpose. When the board strays into the details of implementation and operation, the organization is potentially exposed. It's as if the captain of the ship has left the helm to help the crew stoke the boilers.

Additionally, management suffers when the board fails to govern. Effective CEOs rely on board meetings to refocus leadership's attention on the big picture and they encourage trustees to validate — or disprove — that the organization is heading in the right direction. According to one CEO, "The board meeting is the place I go each month to think about long-term implications and big-picture issues. Having a group of people who are absolutely committed to the organization's success but not invested in any one piece of the day-to-day operations is tremendously helpful to me, personally and professionally."

The board's job, at its core, is not to

do things, but to require that activities advancing the organization's goals get done. This is harder than it seems. Board members have a strong sense of wanting to serve and, to most, this means doing things. Many are highly accomplished managers of their own businesses and they are eager to deploy those skills on behalf of the hospital or system. Yet, to be effective as a board, trustees must show restraint. The best board members rely on management to do what is necessary and appropriate to further the organization's goals.

Trust but Verify

Boards hold management accountable for implementing strategy and matching the organization's resources to its mission. This doesn't mean they act as backseat drivers or police. From a legal perspective, trustees are entitled to rely on management as experts and on the CEO as the key executive holding other managers accountable. It is not a breach of fiduciary duties to trust what the CEO says when there is no indication that it is not true.

Oversight requires observation over time and asking thoughtful questions along the way. The goal is to hold management accountable for achieving the organization's mission, but give management the opportunity to figure out the best way to do so. Rather than questioning each decision or action, effective boards watch for patterns and adherence to policies and organizational principles. This may feel a bit like reading the tea leaves, but it frees up the board to stay focused on the big picture and long-term objectives. Along the way, the board can and should ask for reports and data to verify that goals are being achieved.

Boards often struggle with being asked to make decisions in the face of incomplete information. A board's fiduciary duty of care requires that the board ask questions and be thoughtful before making significant decisions about the organization and its resources. But the questions should

focus on why, and for what purpose. Boards let management own the issue of how. They then require that management report back on the end result.

Clarifying Roles

So, how should the board and CEO described at the beginning of this article work through feeling stymied? The first step is acknowledging the issue. Taking time to discuss roles and expectations can provide the clarity for each side to understand how their actions are contributing to the misunderstandings. A board retreat with agenda time focused on this can assist in this process. Open dialogue helps CEOs to appreciate the sense of responsibility trustees feel to the community for ensuring that resources are being appropriately deployed. It also can help board members to understand why questioning senior leaders about the details of operations is a distraction and undermines their effectiveness.

The best boards are explicit in their understanding of where the line between governance and management lies. They are not afraid to call the question and discuss with each other what governance and management are. As one seasoned board chair explains, "We regularly stop and ask ourselves, 'Are we pursuing this line of questioning because it's a critical strategic issue or are we just curious about something going on at the hospital?'" Idle curiosity does not have a place in the boardroom. Good inquiries seek clarification or meaningful information in the context of governance. Requests for information can be phrased to keep the discussion focused; for example, "I'm asking this because when we met last

Governing or Managing?

Boards are responsible for ensuring that an organization has established overarching objectives, goals and a mission, vision or purpose. Governance is the practice of setting policies, making decisions and ensuring that effective oversight is in place. In other words, if the issue is big, if the question is about the future or if the concern is core to the organization's mission, then you are in the realm of governance. Questions such as these are board-level questions:

- What is our philosophy of employee compensation and incentives?
- What health care resources will our community need in the next five to 10 years?
- What qualities do we value in business partners?
- Will acquiring the physician-owned ambulatory surgery center

across the street further our strategic goal of physician alignment?

Management is responsible for proposing the organization's objectives and goals and providing the plans to accomplish them. Once they are approved, management implements the plans and reports progress to the board. Management is responsible for making decisions and deploying organizational resources within the parameters and policies established by the board. These questions can be asked and answered by management:

- How will we improve our clinical quality and patient satisfaction?
- What are the organization's proper staffing levels?
- What is the best marketing strategy to accomplish the organization's strategic objectives?
- How will we ensure financial stability? — *K.H.B. and T.W.C.*

month, management described how recruiting new ob-gyns is essential to meeting our community's long-term needs." Such a statement will remind executives that the board is asking in light of the big picture and not micromanaging. This can prevent board meetings from feeling like "us vs. them."

Effective governance is a journey. The line between governance and management can be fluid over time, adjusting to the circumstances of the organization, the skills and experience of the management team, the attributes and experience of the board, and the level of confidence that the board has in its CEO. Periodically talking about the role of the board

with management is an effective way to create the kind of transparency that builds trust. The board and the CEO may not always agree on where governance stops and management begins, but candid conversations about their respective views will foster respect and the opportunity to continue the journey as partners, rather than adversaries. **T**

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

To: Executive Compensation Committee
From: Dan Woods, CEO
Date: September 19, 2019
Subject: FY19 Organizational Score

Purpose:

To update the Committee regarding the achievement of FY 2019 Organizational Performance Incentive plan goals.

Summary:

1. Situation: To update the Committee on achievement of the FY19 organizational goals.

Note: Executive leadership is awaiting additional information/confirmation on two goals

- 1) ED throughput (improved accuracy of measurement)
- 2) Readmissions (awaiting data on patients discharged in last month).

We anticipate that final results will be available at/before the Committee meeting.

2. Authority: The results are informative for the Committee, as the Board will approve the organizational score at its October 2019 meeting.
3. Background: In May 2018, the Committee reviewed and made recommendations for the FY19 Organizational Goals for the Executive Performance Incentive Plan. The goals and goal measurements for minimum, target, and stretch were approved by the Board in June 2018.
4. Assessment: See attached scoring.
5. Other Reviews: The executive team has reviewed the results and independent confirmation of results completed by Committee staff.
6. Outcomes: The financial threshold must be met for any incentive payouts and the Organizational Score is a major factor in determining the payout amount (70% for executives, 50% for Presidents, and 90% for the CEO).

List of Attachments:

1. FY19 Organizational Goals Worksheet
2. Historical Org Goal Scores

Suggested Committee Discussion Questions:

1. Does the Committee understand the goals, measurements, and results?

ECH FY19 Organizational Goals

Proposed Score as of 09-11-19

KEY:

at Maximum	
between Target and Maximum	
between Minimum and Target	
below Minimum	

Organizational Goals FY19	Benchmark	Baseline	Minimum	Target	Maximum	Weight	Performance Timeframe	Final Result	Score	Calc. score (score * wt)
Organizational Goals										
Patient Throughput* ED Door to Patient Floor - LG & MV	Internal Benchmark <i>Based on CMS Core Measure Data</i>	Minutes - 339	306	280	270	30%	Q4	262.5	100.00	30.00
HCAHPS Service Metric Nurse Communication	External Benchmark <i>PG-HCAHPS Adjusted/Received</i>	Nurse Comm - 80	80.5	81	82	10%	Q4	81.1	70.00	7.00
HCAHPS Service Metric Responsiveness	External Benchmark <i>PG-HCAHPS Adjusted/Received</i>	Responsiveness - 65.1	65.6	67	68.5	10%	Q4	67.2	71.11	7.11
HCAHPS Service Metric Cleanliness	External Benchmark <i>PG-HCAHPS Adjusted/Received</i>	Cleanliness - 74.5	75	76	77	10%	Q4	78	100.00	10.00
Quality Metrics Mortality Index - All Patients	External Benchmark <i>Premier Quality Advisor Top Quartile</i>	Mortality 1.02	1.00	0.95	0.90	10%	FY	0.97	53.33	5.33
Quality Metrics Readmissions Index - All Patients NOT FINALIZED	External Benchmark <i>Premier Quality Advisor Top Quartile</i>	Readmission 1.08	1.07	1.05	1.03	10%	FY	0.99	100.00	10.00
People (Management Employees) Employee Engagement	External Benchmark <i>Press Ganey</i>	4.09	4.09	4.14	4.17	20%	FY	4.27	100.00	20.00
Threshold Goals										
Budgeted Operating Margin	Internal 95%	Achieved FY18 Budget	95% of Budgeted Operating Margin			Threshold	FY	130.50%		

*An error in the calculation of throughput; we erroneously included one category of observation patients.

Total Score **89.44**

Historical Goal Performance
ORGANIZATIONAL PERFORMANCE INCENTIVE SCORES FY 2014-19
DRAFT as of 8-29-19

Goal	FY 2019 Performance Incentive Goals	FY 2018 Performance Incentive Goals	FY 2017 Performance Incentive Goals	FY 2016 Performance Incentive Goals	FY 2015 Performance Incentive Scores	FY 2014 Performance Incentive Scores	Average Score
Organizational Score	89.44%	96.70%	80.70%	67.00%	63.60%	93.00%	80.20%

Scores Reported as Percent of Maximum

CEO PERFORMANCE EVALUATION PROCESS

- Overall, feedback from participants on the content, purpose, objectives, and outcomes of the annual performance evaluation process was generally positive.
- Two potential process improvements were identified for the 2019-2020 cycle:
 - **Ensure self-assessment materials are provided in a timely fashion to allow adequate time for completion.**
 - **Action:** Mercer has taken ownership of a 2019-2020 calendar for key management touchpoints based on the ECC pacing plan and will include CEO performance evaluation dates on this timeline. Mercer will ensure adherence to agreed-upon dates.
 - **Allow for board member review of questions in advance of survey administration.**
 - **Action:** Questions are being provided at this meeting for feedback to be considered for next year's survey. If changes are requested, Mercer will provide an updated version to the board chair and CEO for review and approval no later than end of September.

Executive Compensation Committee

Updated 8/26/2019

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 - FY20 President, Foundation Base Salary <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) <p><u>Board Actions:</u></p> <ul style="list-style-type: none"> - Approve FY19 Organizational Score
FY20 ECC Pacing Plan – Q2		
October 2019	November 7, 2019	December 2019
<p><i>No scheduled Committee meeting</i></p> <p><u>Board Actions:</u></p> <ul style="list-style-type: none"> - Approve FY19 Financial Audit <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) 	<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 - Proposed Revised FY20 Exec Goals (as needed) - As needed: Review Compensation Philosophy (7% taxable benefit allowance), Base Salary Administration (salary range increase cap/no decreases), and Performance Incentive Plan Policy (goal modifications) 	<i>No scheduled Committee meeting</i>
<p>*Mercer to prepare Letter(s) of Reasonableness</p> <p>October 23, 2019 Board and Committee Educational Gathering</p>	<p>*Mitch Olejko to prepare cover letter for rebuttable presumption action</p>	<p><u>Board Actions:</u></p> <ul style="list-style-type: none"> - Approve Letter(s) of Reasonableness

Executive Compensation Committee

Updated 8/26/2019

FY20 ECC Pacing Plan – Q3		
January 2020	February 2020	March 2020
<i>No scheduled Committee meeting</i>	<i>No scheduled Committee meeting</i>	<i>No scheduled Committee meeting</i>
FY20 ECC Pacing Plan – Q4		
April 2, 2020	May 28, 2020	June 2020
<u>Discussion:</u> <ul style="list-style-type: none"> - Leadership Development and Succession Plan Update - Strategic Plan Update (and progress against FY20 organizational goals) <u>Committee Actions:</u> <ul style="list-style-type: none"> - Approve Minutes - Approve FY21 Committee Goals 	<u>Discussion:</u> <ul style="list-style-type: none"> - 6-Month Exec Comp Consultant Review - Review Committee Self-Assessment results <u>Committee Actions:</u> <ul style="list-style-type: none"> - Approve Minutes - Approve FY21 Pacing Plan - Approve FY21 Executive Base Salaries - 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 and Base Salary 	<p><i>No scheduled Committee meeting</i></p> <hr/> <u>Board Actions:</u> <ul style="list-style-type: none"> - Approve FY21 Organizational Goals - Approve FY21 CEO Salary Range and Base Salary <u>Informational Report to Board on:</u> <ul style="list-style-type: none"> - FY21 Executive Individual Goals - FY21 Executive Base Salaries - FY21 Executive Salary Ranges
April 22, 2020 Board and Committee Educational Gathering		