



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

**Thursday, June 5, 2025 – 4:00pm**

El Camino Hospital | Sobrato Board Room 1 | 2500 Grant Road, Mountain View, CA 94040

THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION PORTION OF THE MEETING LIVE AT THE ADDRESS ABOVE OR VIA TELECONFERENCE AT:

**1-669-900-9128, MEETING CODE: 990 1736 8707#. No participant code. Just press #.**

To watch the meeting, please visit:

[Committee Meeting Link](#)

**NOTE:** In the event that there are technical problems or disruptions that prevent remote public participation, the Chair has the discretion to continue the meeting without remote public participation options, provided that no Committee member is participating in the meeting via teleconference.

A copy of the agenda for the Regular Committee Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at **(650) 988-3218** prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
1	<b>CALL TO ORDER/ROLL CALL</b>	Bob Miller, Chair		4:00 pm
2	<b>CONSIDER APPROVAL FOR AB 2449 REQUESTS</b>	Bob Miller, Chair	<b>Possible Motion</b>	4:00 pm
3	<b>POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Bob Miller, Chair	<b>Information</b>	4:00 pm
4	<b>PUBLIC COMMUNICATION</b> a. Oral Comments <i>This opportunity is provided for persons to address the Committee on any matter within the subject matter jurisdiction of the Committee that is not on this agenda. Speakers are limited to three (3) minutes each.</i> b. Written Public Comments <i>Comments may be submitted by mail to the El Camino Hospital Executive Compensation Committee at 2500 Grant Avenue, Mountain View, CA 94040. Written comments will be distributed to the Committee as quickly as possible. Please note it may take up to 24 hours for documents to be posted on the agenda.</i>	Bob Miller, Chair	<b>Information</b>	4:00 pm
5	<b>CONSENT CALENDAR ITEMS:</b> <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> a. <a href="#">Approve Minutes of the Open Session of the ECC Meeting (03/11/2025)</a> b. Approve Minutes of the Closed Session of the ECC Meeting (03/11/2025) c. <a href="#">Approve Revised ECC Charter</a> d. <a href="#">Receive FY25 Committee Goals/Pacing Plan</a>	Bob Miller, Chair	<b>Motion Required</b>	4:09– 4:10
6	<b>COMPENSATION CONSULTANT ITEMS</b> - <a href="#">Goal Setting Principles and Guidelines</a>	Bob Miller, Chair Dan Mayfield, SullivanCotter Paula Robinson, SullivanCotter	<b>Discussion</b>	4:11 – 4:30
7	<b>RECESS TO CLOSED SESSION</b>	Bob Miller, Chair	<b>Motion Required</b>	4:30 – 4:31

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	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
8	<b>PROPOSED FY26 ORGANIZATIONAL PERFORMANCE INCENTIVE METRICS AND GOAL SETTING METHODOLOGIES</b> a. Goal Process Update b. Proposed FY26 Organization Performance Incentive Metrics <i>Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters.</i>	Dan Woods, CEO Andreu Reall, VP Strategy Deanna Dudley, CHRO	Discussion	4:31 – 5:00
9	<b>PROPOSED FY26 EXECUTIVE INDIVIDUAL INCENTIVE GOALS</b> <i>Gov't Code Section 54957 regarding evaluation of performance of executive employees.</i>	Dan Woods, CEO Deanna Dudley, CHRO	Motion Required	5:00 – 5:20
10	<b>RECONVENE TO OPEN SESSION</b>	Bob Miller, Chair	Motion Required	5:20
11	<b>REPORT OUT FROM CLOSED SESSION</b>	Tracy Fowler, Director, Governance Services	Information	5:20 – 5:21
12	<a href="#"><u>RECOMMENDATION OF FY26 ORGANIZATIONAL PERFORMANCE INCENTIVE GOALS TO BOARD</u></a>	Bob Miller, Chair	Motion Required	5:21 – 5:25
13	<b>COMMITTEE ANNOUNCEMENTS</b>	Bob Miller, Chair	Discussion	5:25 – 5:35
14	<b>ADJOURNMENT</b>	Bob Miller, Chair	Motion Required	5:35 pm



**Minutes of the Open Session of the  
Executive Compensation Committee  
of the El Camino Hospital Board of Directors  
Tuesday, March 11, 2025**

**El Camino Hospital, Sobrato Boardroom 1, 2500 Grant Road, Mountain View, CA 94040**

**Members Present**

**Bob Miller**, Chair  
**Tom Asmar**  
**Wayne Doiguchi**, Vice-Chair  
**Mary Hassett**  
**Estrella Parker** (joined at 4:03)  
**Carol Somersille, MD**  
**George Ting, MD**  
**Todd Shaw**

**Members Absent**

**None**

**Guests Present**

**Alanna Conte**, Korn Ferry  
**Dan Mayfield**, SullivanCotter  
**Paula Robinson**, SullivanCotter

**Others Present**

**Dan Woods**, CEO  
**Deanna Dudley**, CHRO  
**Sahin Akhtar**, Compensation Programs Manager  
**Tracy Fowler**, Director, Governance Services  
**Gabriel Fernandez**, Governance Services Coordinator

<b>Agenda Item</b>	<b>Comments/Discussion</b>	<b>Approvals/ Action</b>
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Executive Compensation Committee of El Camino Hospital (the " <u>Committee</u> ") was called to order at 4:01 p.m. by Chair Bob Miller. A verbal roll call was taken. Ms. Parker was absent at roll call. A quorum was present.	<b><i>Meeting called to order at 4:01 p.m.</i></b>
<b>2. CONSIDER APPROVAL FOR AB 2449 REQUESTS</b>	All present members of the committee attended in-person. No consideration of approval for AB-2449 requests were needed.	
<b>3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair Miller asked if any of the Committee members had a conflict of interest with any of the items on the agenda. No conflicts were noted.	
<b>4. PUBLIC COMMUNICATION</b>	Chair Miller invited the members of the public to address the Committee. No members of the public were present and there was no written communication.	
<b>5. CONSENT CALENDAR</b>	<p>Chair Miller asked if any member of the Committee or the public wished to remove an item from the consent calendar for further discussion. No items were removed.</p> <p><b>Motion:</b> To approve consent calendar</p> <p><b>Movant:</b> Somersille</p> <p><b>Second:</b> Doiguchi</p> <p><b>Ayes:</b> Asmar, Doiguchi, Hassett, Miller, Parker, Shaw, Somersille, Ting</p> <p><b>Noes:</b> None</p> <p><b>Abstentions:</b> None</p> <p><b>Absent:</b> None</p> <p><b>Recused:</b> None</p>	<p><b><i>Consent calendar approved.</i></b></p> <ul style="list-style-type: none"> <li>- <i>Minutes of the Open Session of the ECC Meeting (December 16, 2024) Approved</i></li> <li>- <i>Minutes of the Closed Session of the ECC Meeting (December 16, 2024) Approved</i></li> <li>- <i>FY25 Committee Goals/Pacing Plan Received</i></li> </ul>

<b>6. PROCESS REVIEW: EXECUTIVE GOAL SETTING</b>	<p>Ms. Dudley presented an overview of the executive goal-setting process, emphasizing the structured approach already familiar to the committee. Discussion focused on, but was not limited to, the importance of clearly defining committee roles in setting executive goals. Committee members raised concerns about the lack of input from subject matter expert committees and suggested improvements to the process, including articulating principles for goal-setting and considering additional factors beyond prior performance and benchmark data. Ms. Dudley agreed to update the process and bring it back for review</p>	<p><b>Action:</b> Bring an updated goal process to the next meeting to include memorializing management responsibilities, committee responsibilities and goal setting principles.</p>
<b>7. RFP AD HOC COMMITTEE UPDATE AND FINALISTS' INTERVIEWS</b>	<p>Mr. Shaw gave an overview of the RFP process. The RFP was thorough, consisting of 10 measurable criteria, and was distributed to 10 firms, resulting in seven responses. Following initial evaluations, three firms were clearly ranked lower and excluded, leaving four firms who were interviewed via video calls, including the current consultant. The committee observed considerable similarity among the top firms in terms of healthcare and executive compensation expertise, staff resources, and data availability. Ultimately, two firms emerged as strong candidates, and these finalists were invited for further consideration and interviews with the full Committee.</p> <p>Finalist #1, Korn Ferry, was represented by Ms. Conte. Ms. Conte shared her approach and experiences, emphasizing her method of building trust and credibility with new clients through structured and transparent communication. She described a recent experience with a new client, detailing how trust was developed during the initial RFP process and subsequent interactions with key leadership, including the CEO, CHRO, chief legal officer, and committee chair. Conte highlighted Korn Ferry's emphasis on thorough preparation, tailored insights, and responsiveness to client needs, which fostered a strong partnership. She also outlined the processes Korn Ferry uses to stay aligned with organizational goals, leveraging robust data analytics and industry benchmarks, and emphasized their approach to providing clear, actionable recommendations. The committee engaged actively with Ms. Conte through a series of structured questions, which allowed for a comprehensive assessment of her team's capabilities, experiences, and methodology.</p> <p>Finalist #2, SullivanCotter, was represented by Dan Mayfield and Paula Robinson. Mr. Mayfield and Ms. Robinson from SullivanCotter introduced themselves and discussed their experience and approach in supporting executive compensation committees. They emphasized transparency, effective communication, and collaborative goal-setting as crucial elements in building trust with clients. Ms. Robinson provided an example involving an East Coast-based healthcare client facing leadership challenges following the resignation of a long-tenured CEO. SullivanCotter stepped in during a transitional period with an interim CEO who later became permanent, addressing performance-related issues and helping re-establish a robust governance structure around</p>	<p><b>Action:</b> SullivanCotter was selected as consultant for the Committee contingent on positive reference checks.</p>

	<p>executive compensation and leadership stability. Mr. Mayfield detailed their methodical approach to aligning executive compensation strategies with organizational performance and governance requirements, and how they manage sensitive leadership transitions to rebuild trust and organizational stability. The committee asked targeted questions to evaluate their capability in supporting goal alignment, facilitating effective communication, and managing complex organizational situations.</p> <p>The committee discussed the two finalist firms following their interviews, expressing appreciation for the thoroughness and depth of the presentations. Members shared observations about both firms, noting strengths in both presentations and identifying key distinctions. There was notable recognition of the rigorous selection process and the substantial effort by the ad hoc committee members involved. They emphasized the rarity of receiving seven proposals, demonstrating the competitiveness of this selection round. Committee members highlighted specific differences, particularly the styles and methodologies of each firm, and discussed their respective capacities to meet the committee's requirements. Members underscored the importance of trust, credibility, transparency, and communication skills as crucial factors in their final decision.</p> <p><b>Motion:</b> To select SullivanCotter as the Executive Compensation Committee consultant contingent on positive reference checks.</p> <p><b>Movant:</b> Shaw  <b>Second:</b> Asmar  <b>Ayes:</b> Asmar, Doiguchi, Hasset, Miller, Parker, Shaw, Somersille, Ting  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<b>8. RECESS TO CLOSED SESSION</b>	<p><b>Motion:</b> To recess to closed session at 5:37 p.m.</p> <p><b>Movant:</b> Asmar  <b>Second:</b> Parker  <b>Ayes:</b> Asmar, Doiguchi, Hasset, Miller, Parker, Shaw, Somersille, Ting  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<b><i>Recess to closed session at 5:37 p.m.</i></b>
<b>9. AGENDA ITEM 12: REPORT OUT FROM CLOSED SESSION</b>	The Open Session reconvened at 6:21 pm. During the Closed Session the Executive Compensation Committee no approvals were made.	
<b>10. AGENDA ITEM 13: COMMITTEE UPDATE</b>	The Committee reviewed and approved the proposed FY26 committee meeting dates and pacing plan.	<b><i>Actions: FY26 ECC dates and Pacing Plan approved</i></b>

	<p>The committee also acknowledged the inclusion of the full pacing plan in their materials, which reflects the committee's standard annual items.</p> <p><b>Motion:</b> Approve the FY26 committee dates, goals, and pacing plan.</p> <p><b>Movant:</b> Shaw  <b>Second:</b> Ting  <b>Ayes:</b> Asmar, Doiguchi, Hasset, Miller, Parker, Shaw, Somersille, Ting  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	
<b>11. AGENDA ITEM 14: COMMITTEE ANNOUNCEMENTS</b>	<p>Chair Miller expressed appreciation to the entire Committee for their thoughtful discussion, particularly highlighting the earlier conversation about the new consultancy candidates. Specific thanks were extended to Mr. Shaw and Ms. Parker for their efforts in reviewing proposals and preparing for the discussion. The chair noted optimism about working with SullivanCotter over the next few years. No further comments or issues were raised.</p>	
<b>12. AGENDA ITEM 15: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 6:26 p.m.</p> <p><b>Movant:</b> Ting  <b>Second:</b> Asmar  <b>Ayes:</b> Asmar, Doiguchi, Hasset, Miller, Parker, Shaw, Somersille, Ting  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<b>Meeting adjourned at 6:26 p.m.</b>

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

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Tracy Fowler, Director, Governance Services

Prepared by: Tracy Fowler, Director, Governance Services

Reviewed by: Bob Miller, Chair, Deanna Dudley, CHRO; Theresa Fuentes, CLO





## 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 ("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

The Committee is an Advisory Committee of the Board pursuant to ~~Article VII, Sec. 7.6 of~~ the Hospital Bylaws. All governing authority for the Hospital 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 2-5 Community<sup>1</sup> 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 and removed pursuant to the El Camino Hospital Board Committee Governance Policy.
- All Committee members, Chairs, and Vice Chairs shall be appointed and removed in accordance with the El Camino Hospital Board Committee Governance Policy.
- All members of the Committee must be independent 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 Conflict of Interest Policy.

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<sup>1</sup> 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 excused 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, as may be subsequently revised by the Board, delegating certain decision-making authority to the Executive Compensation Committee. Resolution 2018-05 and any subsequent revisions 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 total remuneration, and recommend to the Board any changes to the CEO's total remuneration package.
- 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.

- Review market analyses and recommendation 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 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 metrics and goal setting methodologies goals and measurements for approval by the Board, as recommended by the Finance and Quality Committees.
- Provide input into the process used to evaluate the CEO's performance.
- 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**

- The Committee Chair will review annually the CEO's own succession plan, including a leadership and professional development plan based on the previous year's talent assessment.
- The Committee Chair will 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's 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 the draft of such minutes shall be delivered to all members of the Committee when the agenda for the subsequent meeting is delivered. The draft minutes shall



separately be delivered to the ECC Chair within one week of the meeting for future meeting planning purposes. The approved minutes shall be posted to the Board portal 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 Member – Compensation Committee

1. An independent committee member is a more limited and narrow classification of member than otherwise required by law and is not meant to expand or limit the definition of interested member 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 members to avoid even the appearance of a conflict of interest.
2. A member of the El Camino Hospital Advisory Committees shall be deemed to be an independent member so long as such member (and any spouse, sibling, parent, son or daughter, son- or daughter-in-law or grandparent or descendant of the member):
  - 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 member;
  - 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 member 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 member in such entity by the total amount paid by El Camino Hospital to such entity during such period.
4. Each member 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 member 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.

# **05c2. ECC Charter\_ Draft for 6-6-24 Meeting (Redline)\_March 2025 Revisions (CLEAN)\_JuneECC**



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### **Purpose**

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### **Authority**

The Committee is an Advisory Committee of the Board pursuant to the Hospital Bylaws. All governing authority for the Hospital 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 2-5 Community<sup>1</sup> 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.
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- All Committee members, Chairs, and Vice Chairs shall be appointed and removed in accordance with the El Camino Hospital Board Committee Governance Policy.
- All members of the Committee must be independent 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 Conflict of Interest Policy.

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



## Staff Support and Participation

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## 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, as may be subsequently revised by the Board, delegating certain decision-making authority to the Executive Compensation Committee. Resolution 2018-05 and any subsequent revisions 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 total remuneration, and recommend to the Board any changes to the CEO's total remuneration package.
- 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.

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## **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 metrics and goal setting methodologies for approval by the Board, as recommended by the Finance and Quality Committees.
- Provide input into the process used to evaluate the CEO's performance.
- 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**

- The Committee Chair will review annually the CEO's own succession plan, including a leadership and professional development plan based on the previous year's talent assessment.
- The Committee Chair will 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's 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 the draft of such minutes shall be delivered to all members of the Committee when the agenda for the subsequent meeting is delivered. The draft minutes shall



separately be delivered to the ECC Chair within one week of the meeting for future meeting planning purposes. The approved minutes shall be posted to the Board portal 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

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1. An independent committee member is a more limited and narrow classification of member than otherwise required by law and is not meant to expand or limit the definition of interested member 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 members to avoid even the appearance of a conflict of interest.
2. A member of the El Camino Hospital Advisory Committees shall be deemed to be an independent member so long as such member (and any spouse, sibling, parent, son or daughter, son- or daughter-in-law or grandparent or descendant of the member):
  - 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 member;
  - 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 member 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 member in such entity by the total amount paid by El Camino Hospital to such entity during such period.
4. Each member 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 member 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.



## FY25 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:**      **Deanna Dudley**, 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 excused 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	<b>Q1</b> September 24, 2024	<ul style="list-style-type: none"> <li>- Review and approve FY25 executive base salaries</li> <li>- Review and recommend FY24 Organizational Incentive Score</li> <li>- Review and approve FY24 individual incentive scores</li> <li>- Review and approve FY24 executive payout amounts</li> </ul>
	<b>Q2</b> December 16, 2024	<ul style="list-style-type: none"> <li>- Process Review: Executive Performance Management</li> <li>- Process Review: Succession and Development Planning</li> </ul>
	<b>Q3</b> March 11, 2025	<ul style="list-style-type: none"> <li>- Recommend FY26 ECC Committee goals</li> <li>- Receive update on ECH Q2 strategic plan</li> <li>- Review potential ECC policy changes</li> <li>- Process Review: Executive Goal Setting</li> </ul>
	<b>Q4</b> June 5, 2025	<ul style="list-style-type: none"> <li>- <b>Review and recommend proposed FY26 organizational incentive goals</b></li> <li>- <b>Review and approve FY26 individual executive goals</b></li> <li>- Review of CEO Performance Management Process (Done in Q2)</li> </ul>
2. Evaluate the effectiveness of the independent compensation consultant	<b>Q4</b> June 5, 2025	<ul style="list-style-type: none"> <li>- Conduct annual evaluation of ECC consultant (Done in Q3)</li> </ul>

**SUBMITTED BY:** Chair: Bob Miller | **Executive Sponsor:** Deanna Dudley



## **EL CAMINO HOSPITAL COMMITTEE MEETING COVER MEMO**

**To:** Executive Compensation Committee  
**From:** Dan Mayfield, SullivanCotter  
Paula Robinson, SullivanCotter  
**Date:** June 5, 2025  
**Subject:** Goal Setting Process Best Practices, Market Trends, and Guidelines

### **Summary:**

SullivanCotter has prepared a comprehensive overview of goal setting best practices, market trends, and updated guidelines to support El Camino Health's FY26 Executive Incentive Plan (EIP).

### **Authority:**

The Executive Compensation Committee is responsible for overseeing the goal-setting process and ensuring that individual and organizational goals are aligned with strategic priorities and compliant with market norms.

### **Background:**

The deck provides an overview of the evolving expectations in incentive goal design, documentation standards, and methods for ongoing communication and performance tracking. SullivanCotter also shared their recommendations for documenting goals and their rationale, defining thresholds and targets, and incorporating market benchmarks.

### **Outcomes:**

To ensure goal development processes are clear, rigorous, and aligned with both strategic priorities and fiduciary obligations.

### **List of Attachments:**

ECH Goal Setting Trends and Guidelines 5.19.2025 Presentation



**SullivanCotter**



**El Camino Health**

# Goal Setting Process Best Practices, Market Trends, and Guidelines

May 19, 2025





# Agenda

**1**

**Goal Setting Principles and Market Trends**

**2**

**Individual Goal Setting Principles, Guidelines,  
and Template**

# Goal Setting Principles and Market Trends





# Goal Setting Overarching Principles

## Focus

Drive focus, attention and resources toward the top priorities of the organization.

## Alignment

Informed by the aspirational objectives evidenced in the mission and vision of the organization and drives improvement toward the achievement of the organizational strategy.

## Objective

Objectively measured and clearly supports progress toward desired outcomes.

## Balanced

Weightings mirror the emphasis and balance of strategic priorities.

## Fair and Sustainable

Represent reasonable performance expectations and reflect the organizational achievement philosophy to ensure performance is appropriately recognized and rewarded.



# Goal Setting Process Objectives

Key objectives of an effective goal setting process include:

- 1** Ensure information is **comprehensive, timely and thoroughly vetted**.
- 2** Clearly **define what is expected** of key roles.
- 3** Provide **education, support and guidance** to the key roles in setting performance goals.
- 4** Ensure that **performance goals/measures align with strategic and operating priorities** and are calibrated to balance attainability with the appropriate degree of stretch.
- 5** Promote **collaboration** to ensure performance goals/measures are aligned across the organization.
- 6** Enable the Board and the **Compensation Committee to fulfill their fiduciary oversight responsibilities** by reviewing goals in a timely fashion and providing input to senior management.

**Outcome: Clearly stated and documented performance goals/measures/metrics, which are only modified in extraordinary circumstances.**



# Goal Setting Documentation

Clear and consistent goal documentation is critical for successful communication between goal owners, leadership, and the Compensation Committee, particularly in scenarios where increased use of discretion and flexibility in plan measurement are needed.



## Performance Measure Criteria

- Identify Pillar/Goal/Data Owner(s), performance measure and definition, inclusion/exclusion criteria, data source(s), performance measurement period, and goal rationale (alignment with strategy).



## Current and Historical Performance

- Report historical and current/baseline performance.
- Define aspirational/long-term objectives (e.g., top quartile by FY2025).
- Describe any performance nuances.



## External Market Information

- Summarize relevant market trends (benchmarks are improving/worsening).
- Report any available market benchmarks and recency of benchmarks (e.g., '2023 benchmarks' are based on 2022 source data).



## Goal-Setting and Discretion

- Identify Threshold, Target and Maximum performance metrics.
- Summarize metric rationale (e.g., Threshold set to median performance, Target is set halfway between Threshold and Maximum, Maximum set to top quartile performance).
- Define the role of discretion within the incentive program to address uncertainties.



# Post-Approval Communication

Once goals are finalized and approved, communication of final goals and regular tracking of year-to-date results are critical to achieving performance objectives. Key considerations include:

## GOAL COMMUNICATION

Communicate the goals to all levels of the organization to drive focus.

## PERFORMANCE TRACKING

Develop dashboards and other reporting tools to track progress on annual goals. Publish performance tracking materials on a regular cadence so leaders have easily consumable information to share with their teams.

## PERFORMANCE REPORTING

Provide regular venues for reporting and sharing performance on annual goals. Progress is tracked more regularly by Pillar Owners and teams and reported less frequently to the Compensation Committee (e.g., quarterly, bi-annually).

## COMPLIANCE

Ensure that progress on goals is accurately reported.

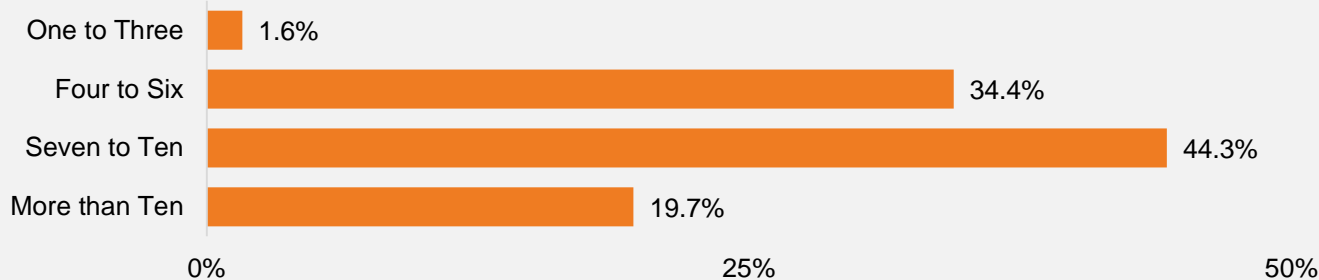




# Short-Term Incentive Plan Trends – Organizational Goals

Short-term incentive plans typically have **four to ten performance measures and include circuit breakers**. **Financial, quality and patient safety, people, and consumer** are the most prevalent measure categories, with the most weight distributed to **financial and quality and patient safety**.

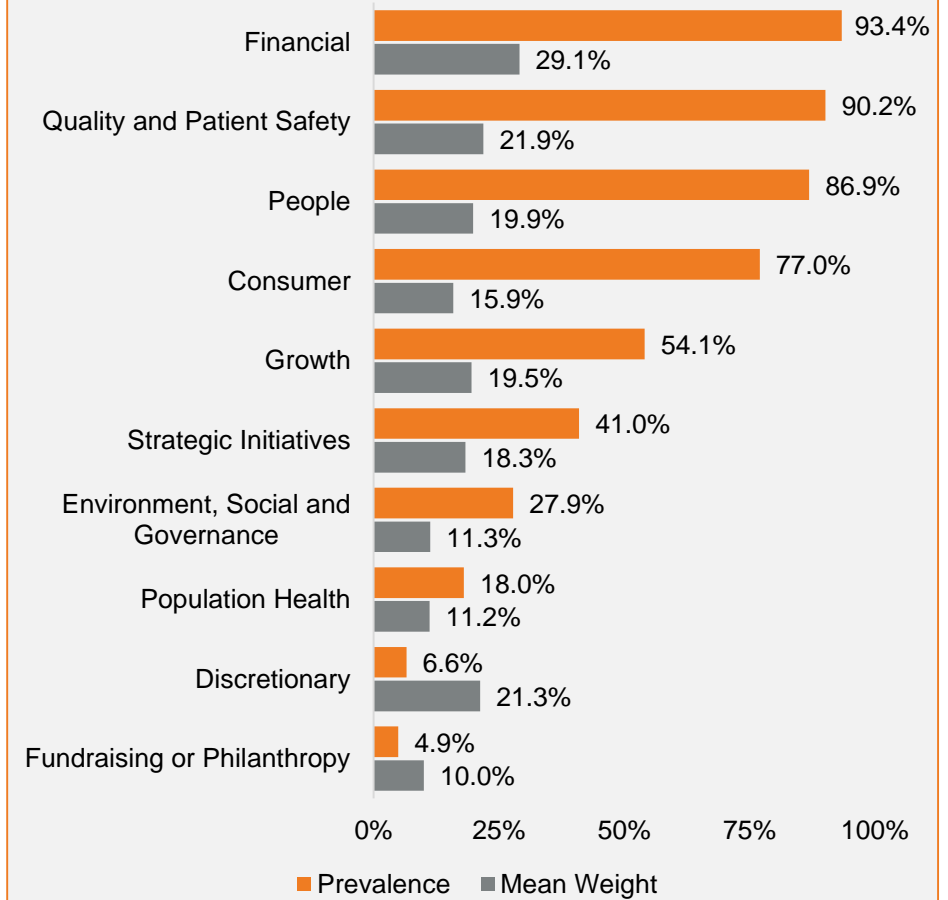
**Number of Performance Measures**  
N=61- Not-for-Profit Health Systems



## **63% prevalence of circuit breaker/financial trigger/funding gate<sup>1</sup>**

Non-financial circuit breakers are typically organization-specific and align to strategic priorities (community benefit, consumer experience, employee engagement, etc.).

**Performance Measure Categories**  
**Prevalence and Weights N=61**



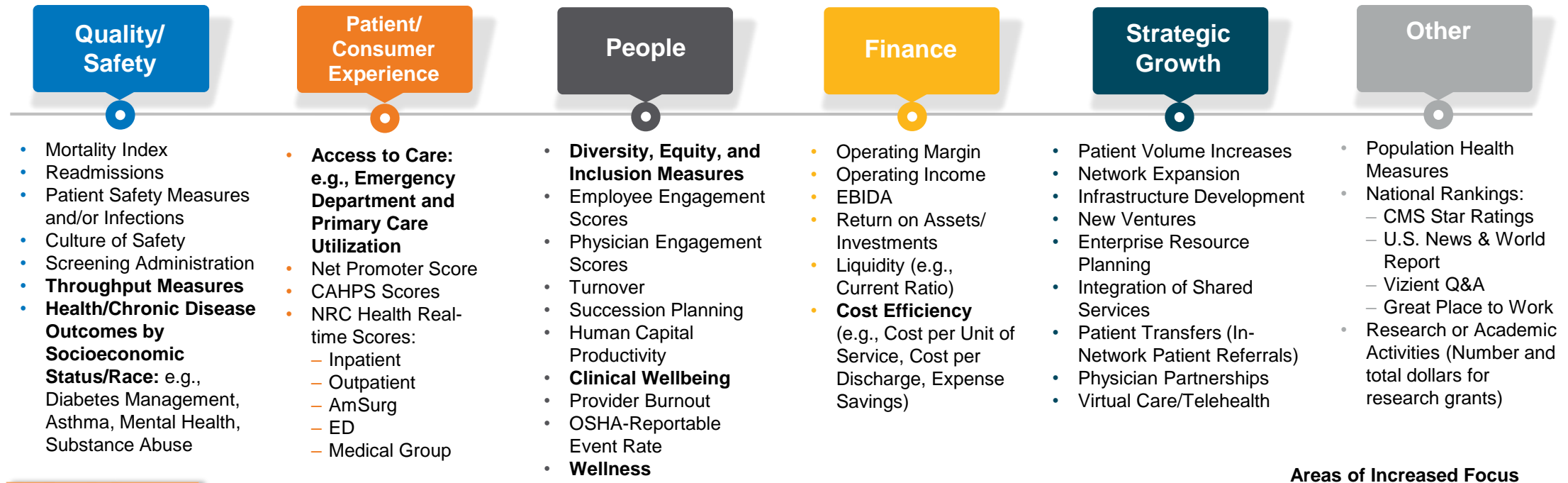
<sup>1</sup>SullivanCotter May 2024 Executive Compensation Pulse Survey



# Short-Term Incentive Plan Organizational Performance Measures

Performance measures have not significantly shifted year-over-year and continue to remain focused on operational objectives and growth.

Best practices indicate that plans should be simple. Measures should focus on the key indicators of organizational success and be tied to achieving the strategic plan.



Areas of Increased Focus

## Considerations

- Which performance measures have the greatest impact on performance at the enterprise level?
- What does current performance look like and how does it compare to desired performance?

# Individual Goal-Setting Principles, Guidelines, and Template





# Individual Goals - Review of Draft Principles Provided by El Camino

In March 2025, SullivanCotter received a draft of El Camino's suggested goal setting principles for the Executive Incentive Plan (EIP). SullivanCotter has reviewed the draft principles, and the table below details our feedback for each principle.

Draft Principle Provided by El Camino Health	SullivanCotter Feedback
<b>An EIP goal should be SMART:</b>	
Specific - The goal should clearly identify the outcome to be achieved.	SullivanCotter is in agreement with the SMART goals principles as outlined by El Camino Health. These principles can be applied to system goals as well as individual goals for plan participants.
Measurable - The outcome to be achieved is measurable with indicators of progress along the way.	
Achievable - The outcome is one that can reasonably be accomplished.	
Relevant - The goal aligns with the organization's values and longer-term strategies.	
Time-based - The time period for which the goal is set should be clearly specified, e.g., Fiscal Year average or by Fiscal Year end.	
<b>In addition, the following principles should be kept in mind when crafting EIP goals:</b>	
Goals for EIP purposes should be the most important outcomes that need to be achieved in the Fiscal Year or other time period.	SullivanCotter agrees with this draft principle.
The outcome specified in the EIP goal should be within the direct control of the executive for whom the goal is set.	SullivanCotter acknowledges that these 3 principles are harder to adhere to for system goals 100% of the time. For individual goals, these principles can be achieved with greater compliance, though deviations may still be necessary based on circumstances and organizational structure and accountabilities.
More than one person should not have the same EIP goal. If collaborative effort is required to achieve a broader objective, the outcome for which each executive is accountable should be identified.	
A goal should have only one outcome. Compound goals, such as constructed "indices" should be avoided as they diffuse effort.	
The measurement scale should be leveraged upward, i.e., there is a smaller gap between target and maximum performance than between minimum and target performance.	SullivanCotter agrees with this statement. Standard practice is to establish a goal-setting philosophy that defines the expected probability of achievement at each performance level — threshold, target, and maximum. Goals are calibrated using internal forecasts and external market data, with the understanding that performance improvement typically becomes more difficult at higher levels.



# Guiding Principles for Individual Goal Development – For Consideration

Based on the principles outlined by El Camino Health and best practices from our experience supporting other leading not-for-profit health care systems, the table below summarizes recommended guidelines to support executives in drafting meaningful, mission-aligned individual goals.

Goal Setting Category	Guideline
<b>Purpose</b>	<ul style="list-style-type: none"> <li>Provide a consistent framework to guide individual executive goals under the Executive Incentive Plan (EIP), ensuring alignment with strategy and mission.</li> </ul>
<b>SMART Goals</b>	<ul style="list-style-type: none"> <li>All goals must be: <ul style="list-style-type: none"> <li>Specific – Clearly defined outcomes</li> <li>Measurable – Quantifiable indicators</li> <li>Achievable – Realistically attainable</li> <li>Relevant – Supports mission and strategy</li> <li>Time-bound – Aligned with the fiscal year</li> </ul> </li> </ul>
<b>Strategic &amp; Differentiated</b>	<ul style="list-style-type: none"> <li>Focus on breakthrough or high-impact initiatives that would not otherwise be achieved during routine operations.</li> </ul>
<b>Alignment with Corporate Goals</b>	<ul style="list-style-type: none"> <li>Goals must clearly align with the organization's approved corporate goals, while reflecting the executive's unique role and contribution.</li> </ul>
<b>Limit to High-Impact Objectives</b>	<ul style="list-style-type: none"> <li>Limit to no more than three individual goals to avoid dilution and encourage strategic focus.</li> </ul>
<b>Executive Accountability</b>	<ul style="list-style-type: none"> <li>Ensure goals fall within the executive's control or influence. For shared initiatives, the executive's specific contribution should be identified.</li> </ul>
<b>Performance Ranges</b>	<ul style="list-style-type: none"> <li>Define minimum, target, and maximum achievement levels for each goal. Calibration should reflect market and internal data where appropriate.</li> </ul>
<b>Timely Review</b>	<ul style="list-style-type: none"> <li>Goals must be approved before the start of the fiscal year and finalized in time to inform year-end performance assessments and compensation decisions.</li> </ul>



# Individual Goal Assessment Checklist

The following checklist is designed to help executives assess the alignment of their individual goals with system-wide priorities, governance expectations, and the guiding principles of the incentive plan.

Checklist Area	Evaluation Question	✓ / ✗
Purpose & Alignment	Does the goal support the organization's overall strategy and mission?	
SMART Goals	Is the goal <b>Specific</b> – clearly defining the intended outcome?	
	Is the goal <b>Measurable</b> – using quantifiable indicators or milestones?	
	Is the goal <b>Achievable</b> – realistic given available resources and time?	
	Is the goal <b>Relevant</b> – aligned with my role and the organization's strategic priorities?	
	Is the goal <b>Time-bound</b> – set within a defined fiscal year timeframe?	
Strategic & Differentiated	Does the goal focus on a high-impact or breakthrough initiative beyond routine responsibilities?	
	Would this initiative likely not be achieved without my leadership this year?	
Alignment with Corporate Goals	Is the goal clearly linked to one or more <b>approved corporate goals</b> ?	
	Does it reflect <b>my specific contribution</b> , not duplicate corporate-level goals?	
Goal Volume	Have I limited my individual goals to <b>no more than three</b> ?	
	Have I prioritized only the <b>most critical outcomes</b> for the year?	
Accountability	Is the goal within my <b>direct span of control</b> or strong influence?	
	If collaborative, is my <b>individual role and accountability</b> clearly defined?	
Performance Ranges	Have I defined <b>minimum, target, and maximum</b> performance thresholds for this goal?	
	Are these thresholds appropriately calibrated using internal benchmarks or historical data?	
Timeliness	Will the goal be finalized <b>prior to the start of the fiscal year</b> ?	
	Will the goal be ready for <b>assessment by year-end</b> as part of the incentive plan process?	





## Example: Individual Goals

Example Domain	Examples Goals	Measurement
Growth	<ul style="list-style-type: none"> <li>• Successful completion and opening of XX ambulatory center on time and on budget.</li> <li>• Successfully complete XX integration by fiscal year end.</li> <li>• Physician alignment.</li> </ul>	Relevant milestones are identified at the beginning of the fiscal year that will inform year-end performance.
Health Equity	<ul style="list-style-type: none"> <li>• Create an infrastructure for advancing health equity across the physician enterprise.</li> </ul>	
Integration/ Acquisition	<ul style="list-style-type: none"> <li>• Implement EHR for newly acquired entity by XX/XX/XXX go-live date.</li> </ul>	
Finance	<ul style="list-style-type: none"> <li>• Incremental cost savings through shared services.</li> </ul>	



# Sample: Individual Goal Planning Template

Strategic Direction	Goal	Weighting	Measurement	Threshold	Target	Stretch
<i>Delight Our Talent; Deliver Exceptional Care and Service; Drive the Future of Healthcare</i>	<i>Large initiatives that are critical to advancing the organizational strategy and/or organizational goals and are not part of the executive's day-to-day operational responsibility and outside of the Executive Incentive Plan goals.</i>	<i>Indicate weighting for each goal (total individual goal weighting = 30%)*</i>	<i>Relevant milestones are identified at the beginning of the fiscal year that will inform year-end performance; Recommend high-level milestones that need to be achieved.</i>	<i>Measurement may be based on milestone achievement (e.g., goal with 4 milestones - 2/4 = Basic; 3/4 = Target; 4 /4 = Exceeds). Additional option would be to align BTE to milestone percentage achievement levels (e.g., 80%/90%/100%, respectively).</i>		
Goal #1			<ul style="list-style-type: none"> <li>TBD milestones</li> <li>TBD milestones</li> <li>TBD milestones</li> </ul>			
Goal #2			<ul style="list-style-type: none"> <li>TBD milestones</li> <li>TBD milestones</li> <li>TBD milestones</li> </ul>			

\*Total individual goal weighting under review

## ECC Recommendation for Board Approval of Proposed FY 2026 Organizational Performance Goals

Pillar	Weight	OBJECTIVES/ OUTCOMES	Measurement Defined		
			Minimum	Target	Stretch
Threshold		Maintain positive EBIDA	≥ 80% of budgeted Operating EBIDA		
Quality and Safety*	34%	C. Difficile	Maintain Baseline	5% reduction	10% reduction
		CAUTI	Maintain Baseline	9% reduction	Best performance number in past 3 years
		Hospital Acquired Pressure Injury (HAPI)	Maintain Baseline	8% reduction	16% reduction
		Hand Hygiene Compliance	Maintain Baseline	1% improvement	2% improvement
Service*	33%	Likelihood to Recommend (LTR) – Composite ECH	98% of FY25 baseline	FY25 Baseline	102% of FY25 baseline
		Likelihood to Recommend (LTR) – ECHMN	Maintain FY25 performance	Target in line with top 50% of clients	Target in line with top 30% of clients
Finance	33%	Operating EBIDA	95% of Budget \$238.5M	100% of Budget \$251 M	103% of Budget \$258.5M