

AGENDA
EXECUTIVE COMPENSATION COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD
Wednesday, November 16, 2016 – 4:00 pm
 Conference Rooms A&B (ground floor)
 2500 Grant Road, Mountain View, CA 94040

MISSION: 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 | Lanhee Chen, Chair | | 4:00 – 4:02 pm |
| 2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES | Lanhee Chen, Chair | | 4:02 – 4:03 |
| 3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence | Lanhee Chen, Chair | <i>public comment</i> | motion required 4:03 – 4:06 |
| 4. CONSENT CALENDAR <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> Approval a. Minutes of the Open Session of the Executive Compensation Committee Meeting (September 12, 2016) | Lanhee Chen, Chair | <i>public comment</i> | motion required 4:06 – 4:07 |
| 5. REPORT ON BOARD ACTIONS ATTACHMENT 5 | Lanhee Chen, Chair | | information 4:07 – 4:12 |
| 6. LETTERS OF REBUTTABLE PRESUMPTION ATTACHMENT 6 | Stephen Pollack, Mercer, LLC | <i>public comment</i> | motion required 4:12 – 4:27 |
| 7. ADJOURN TO CLOSED SESSION | Lanhee Chen, Chair | | motion required 4:27 – 4:28 |
| 8. POTENTIAL CONFLICT OF INTEREST DISCLOSURES | Lanhee Chen, Chair | | 4:28 – 4:29 |
| 9. CONSENT CALENDAR <i>Any Committee Member may remove an item for discussion before a motion is made.</i> <i>Gov’t Code Section 54957.2.</i> a. Minutes of the Closed Session of the Executive Compensation Committee Meeting (September 12, 2016) | Lanhee Chen, Chair | | motion required 4:29 – 4:30 |
| | | | |

A copy of the agenda for the Regular 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 650-988-7504 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 | | ESTIMATED TIMES |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------|--------------------------------|
| 10. Report involving <i>Gov't Code Sections 54957</i> and <i>54957.6</i> for report and discussion on personnel matters: - Executive Benefits | Stephen Pollack, Mercer, LLC | | possible motion 4:30 – 5:00 |
| 11. Report involving <i>Gov't Code Sections 54957</i> and <i>54957.6</i> for report and discussion on personnel matters: - Executive Performance Appraisal Process | Julie Johnston, Director of Total Rewards | | possible motion 5:00 – 5:30 |
| 12. ADJOURN TO OPEN SESSION | Lanhee Chen, Chair | | motion required 5:30 – 5:31 |
| 13. RECONVENE OPEN SESSION / REPORT OUT | Lanhee Chen, Chair | | 5:31 – 5:32 |
| To report any required disclosures regarding permissible actions taken during Closed Session. | | | |
| 14. COMMITTEE RECRUITMENT | Lanhee Chen, Chair | <i>public comment</i> | possible motion 5:32 – 5:37 |
| 15. FY17 PACING PLAN ATTACHMENT 15 | Lanhee Chen, Chair | <i>public comment</i> | possible motion 5:37 – 5:42 |
| 16. CLOSING COMMENTS | Lanhee Chen, Chair | | discussion 5:42 – 5:44 |
| 17. ADJOURNMENT | Lanhee Chen, Chair | | motion required 5:44 – 5:45 |

Upcoming Meetings

- March 23, 2017
- April 26, 2017 (*Semi-Annual Board & Committee Educational Gathering*)
- May 25, 2017

**a. Minutes of the Open Session of the Executive
Compensation Committee Meeting (September 12, 2016)**

**Minutes of the Open Session of the
Executive Compensation Committee**

Monday, September 12, 2016

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

CEO Conference Room in Administration

Members Present

Lanhee Chen
Jing Liao
Bob Miller, Vice Chair
Julia Miller
Prasad Setty

Members Absent

Teri Eyre

Others Present

Cindy Murphy, Board Liaison
Stephen Pollack, Mercer, LLC
Lisa Stella, Mercer, LLC
Mick Zdeblick, COO
Tomi Ryba, CEO

| Agenda Item | Comments/Discussion | Approvals/Action |
|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 1. CALL TO ORDER/ ROLL CALL | The open session meeting of the Executive Compensation Committee of El Camino Hospital (the “Committee”) was called to order at 4:00 pm by Chair Chen. A silent roll call was taken. Ms. Eyre was absent. All other Committee members were present. | |
| 2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES | Chair Chen asked if any Committee members may have a conflict of interest with any of the items on the agenda. No conflicts were noted. | |
| 3. PUBLIC COMMUNICATION | None. | |
| 4. CONSENT CALENDAR | <p>Chair Chen 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 of May 17, 2016 and Revised Executive Compensation Policies.</p> <p>Movant: B. Miller Second: J. Miller Ayes: Chen, Liao, B. Miller, J. Miller, Setty Noes: None Abstentions: None Absent: Eyre Recused: None</p> | <i>Consent calendar approved</i> |
| 5. REPORT ON BOARD ACTIONS | Chair Chen referred to the written report regarding actions taken by the Board since the last Committee meeting and commented on the disbanding of the iCare Ad Hoc Committee and approval of facilities project funding. | |
| 6. APPOINTMENT OF VICE CHAIR | Chair Chen reappointed Mr. Bob Miller as Vice Chair of the Committee. | |
| 7. EXECUTIVE BENEFIT PLAN | Stephen Pollack of Mercer, LLC reviewed the materials provided and explained that his team looked at benefits data from healthcare organizations with revenues between \$375,000,000 and \$1,500,000,000. He explained that total employer contribution for retirement benefits at ECH is 22% of base salary for the current CEO, which is between the median and 75 th percentile. Mr. Pollack | |

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|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| | <p>responded to the Committee members' questions about market trends and ability to build flexibility into a proposed compensation package for a new CEO. Mr. Pollack noted that deferral of unused PTO into retirement vehicles is an unusual benefit. Medical benefits are similar to the market, life insurance is a little high, short term disability is consistent with the market, long term disability is a little light. He reported that 24 months' severance (vs 12 months) is usual for the top executive.</p> <p>Mr. Pollack and the Committee members also discussed the current retirement benefits for the other executives, market trends, and options. Mr. Pollack noted that severance is usually 12 months as opposed to 6 months.</p> <p>Mr. Pollack recommended that the Committee should consider whether it wants to look at modifying the SERP to ensure that the executives are treated consistently as a percentage of base pay, and whether severance should be brought more in line with the market. The Committee members discussed whether the idea of a long-term incentive plan should be re-visited. Mr. Miller suggested that the organization should wait until a new CEO is on board and the organization's long term strategy is certain.</p> <p>The Committee asked Mr. Pollack to present a flexible spreadsheet for compensation and benefits for a new CEO at the next meeting. The Committee asked to be informed as to what ECH's policies provide for as triggers to severance.</p> | |
| 8. FY16 ORGANIZATIONAL SCORE | Mick Zdeblick, COO explained the FY16 Organizational Goal achievement as outlined in the materials. He reported that the organization did not meet its smart growth goal. The weighted average is 67%. | |
| 9. ADJOURN TO CLOSED SESSION | <p>Motion: To adjourn to closed session at 4:40 pm.</p> <p>Movant: B. Miller</p> <p>Second: J. Miller</p> <p>Ayes: Chen, Liao, B. Miller, J. Miller, Setty</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Eyre</p> <p>Recused: None</p> | <i>Adjourned to closed session at 4:40pm.</i> |
| 10. AGENDA ITEM 17: RECONVENE OPEN SESSION/REPORT ON BOARD ACTIONS | <p>Open Session was reconvened at 5:30 pm.</p> <p>During the closed session, the Committee approved the following: Minutes of the Closed Session of the Executive Compensation Committee Meeting of May 17, 2016, by a vote in favor of 5 members present (Chen, Liao, B. Miller, J. Miller, Setty) and one absent (Eyre). The Committee voted to recommend the Board approve the following: The FY16 Individual Executive Incentive Goal Scores by a vote in favor of 5 members present (Chen, Liao, B. Miller, J. Miller, Setty) and one absent (Eyre); the FY16 Individual Executive Incentive Plan Payments with the exception of the Chief Strategy Officer by a vote in favor of 5 members present (Chen, Liao, B. Miller, J. Miller, Setty) and one absent (Eyre); and the FY16 CEO Incentive Plan Payment by a vote in favor of 5 members present (Chen, Liao, B. Miller, J. Miller, Setty) and one absent (Eyre).</p> | |

| | | |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| 11. AGENDA ITEM 18: FY17 PACING PLAN | Chair Chen and the Committee Members requested that the following changes be made to the Pacing Plan: <ol style="list-style-type: none">1. November 2016 – Add a discussion about what aspects of performance should be reflected in base pay, the 70% organizational goals, the 20% individual goals, and the 10% discretionary.2. The Committee suggested that a discussion about Board Director Compensation be paced for the Hospital Board and refer it back to the Committee to make recommendations on the topic as desired. | |
| 12. AGENDA ITEM 19: CLOSING COMMENTS | There were no additional comments. | |
| 13. AGENDA ITEM 20: ADJOURNMENT | Motion: To adjourn at 5:41 pm. Movant: J. Miller Second: Chen Ayes: Chen, Liao, B. Miller, J. Miller, Setty Noes: None Abstentions: None Absent: Eyre Recused: None | <i>Meeting adjourned at 5:41 pm.</i> |

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

Lanhee Chen
Chair, Executive Compensation Committee

Peter C. Fung, MD
Secretary, ECH Board of Directors

Prepared by: Cindy Murphy, Board Liaison

ATTACHMENT 5

ECH BOARD COMMITTEE MEETING AGENDA ITEM COVER SHEET

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Item: | Report on Board Actions Executive Compensation Committee November 16, 2016 |
| Responsible party: | Cindy Murphy, Board Liaison |
| Action requested: | For Information |
| Background: In FY16 we added this item to each Board Committee agenda to keep Committee members informed about Board actions via a verbal report by the Committee Chair. Staff was asked to supplement the Chair's verbal report with the attached written report. | |
| Other Board Advisory Committees that reviewed the issue and recommendation, if any: None. | |
| Summary and session objectives : To inform the Committee about recent Board actions. | |
| Suggested discussion questions: None. | |
| Proposed Committee motion, if any: None. This is an informational item. | |
| LIST OF ATTACHMENTS: Report on September and October 2016 Board Actions | |

September and October 2016 Board Actions*

1. September 14, 2016 El Camino Hospital Board
 - a. FY16 Organizational Goal Achievement at 67% (slightly above target)
 - b. FY17 Organizational Goal Metrics
 - c. ED Gastroenterology and Neuro-Interventional On-Call Panel Agreements
 - d. CEO Search Ad Hoc Committee of the Board
 - e. FY17 Internal Audit Work Plan
 - f. Silicon Valley Medical Development Primary Care Clinic and Physician Contracts
 - g. FY16 CEO Incentive Plan Payment
 - h. FY17 CEO Salary Range
2. September 27, 2016 El Camino Hospital Board
 - a. Appointment of Donald C. Sibery as ECH's Interim CEO
 - b. Delegated authority to Board Chair Cohen and ECC Chair Lanhee Chen to negotiate a final contract with interim CEO
 - c. Approved CEO's FY17 Incentive Compensation Bonus
3. October 12, 2016 El Camino Hospital Board
 - a. Approved 2016 Plan of Finance (Revenue Bonds) and related transactions for funding of MV Campus Projects, not to exceed \$325,000,000
 - b. Approved Revised Budget to allow for interest related to Revenue Bonds
 - c. Approved FY16 Community Benefit Report
 - d. Approved CEO Separation Agreement
 - e. Authorized the CHRO to negotiate a contract with CEO Search Firm Russell Reynolds
 - f. Approved the FY 16 Financial Audit
4. October 18, 2016 District Board Meeting
 - a. Approved FY16 Community Benefit Report
 - b. Approved the FY 16 Financial Audit
 - c. Approved Revised Budget to allow for interest related to Revenue Bonds

*This list 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.

ATTACHMENT 6

Private & Confidential**DRAFT – Subject to Final Peer Review**

Lanhee J. Chen, Ph.D.
Chair, Executive Compensation Committee
El Camino Hospital
2500 Grant Rd
Mountain View, CA 94040

November 10, 2016

Subject: Reasonableness Opinion for El Camino Hospital Disqualified Persons

Dear Dr. Chen:

As requested by the Executive Compensation Committee (“Committee”) of the Board of Directors (“Board”) of El Camino Hospital (“El Camino” or “ECH”), Mercer has conducted an evaluation of the total remuneration program provided to the El Camino executives named in Table 2 in the fiscal year ending June 30, 2016. The results of this assessment were presented in Mercer’s report at the May Executive Compensation Committee meeting and were used to inform the approval of FY 2017 compensation and benefits. This letter outlines the study’s objectives, Mercer’s evaluation process, findings, and our opinion that the approved FY 2017 total remuneration program for the named executives falls within a reasonable range of the competitive practice.

I. Purpose

The purpose of this letter is to document comparability data and provide Mercer’s opinion on the reasonableness of executive total remuneration program in support of the organization’s pursuit of the rebuttable presumption of reasonableness under IRC §4958. To do so, we have:

- Presented relevant summary market comparability data at the May 2016 Committee and June 2016 Board meetings to ensure that the Committee and the Board are well-informed of current executive compensation and benefits practices when making decisions on El Camino’s executive remuneration;
- Advised the Committee regarding interpretation of the market data;
- Assisted the Committee in its governance responsibility with respect to the compensation program for all executives by providing Mercer’s opinion that all executives’ total remuneration, approved in November 2016, falls within a reasonable range of competitive market practices applicable to like positions among like organizations under like circumstances in accordance with the Intermediate Sanctions legislation and applicable regulations; and

- Documented the recent changes to compensation approved by the Board of Directors based on the comparability data Mercer provided to the Committee in May 2016.

II. Background

Mercer serves as an independent advisor to the Committee. In this capacity, we provide advice and competitive compensation and benefits market data to management that has been used in its decision-making process relative to the compensation program for El Camino's executives.

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

Organization Context

El Camino is a nonprofit 501(c)(3) organization that strives to be an innovative, publicly accountable and locally controlled comprehensive healthcare organization. El Camino cares for the sick, relieves suffering and provides quality, cost-competitive services to improve the health and well-being of the community. El Camino opened its doors to its first patients on September 1, 1961 with 21 medical staff. An expanding population in Silicon Valley drove El Camino Hospital to develop further, and today El Camino Hospital consists of two campuses: Los Gatos and Mountain View. For fiscal year 2015, El Camino had net revenues of \$767.8 million. Net revenue for FY 2016 was \$806.4M.

Executive Compensation Philosophy¹

El Camino's Executive Compensation Philosophy utilizes the following guiding principles and objectives to drive executive compensation decisions:

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

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

¹ This is extracted from El Camino's official stated philosophy, as presented at the September 9, 2016 Board meeting.

The three key components of the program are base salary, incentives, and benefits. In evaluating executive compensation, the Executive Compensation Committee uses the following market definition and desired positioning guidelines.

Table 1 – El Camino Hospital Market Definition and Desired Positioning

| Component | Market Definition and Desired Positioning |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Market Definition | <ul style="list-style-type: none"> Primarily national, not-for-profit, independent hospitals/health systems of comparable net revenue size and complexity to ECH. Data increased by a 25% geographic salary differential to account for the cost-of-labor differential in the Bay Area. |
| Base Salary | <ul style="list-style-type: none"> Salary range midpoints are based on the 50th percentile. The salary range will be from 20% below to 20% above the salary range midpoint. Placement in the range is based on a combination of paying competitively, rewarding performance, and recognizing competence, credentials, and experience. |
| Incentives | <ul style="list-style-type: none"> Target incentive opportunities are set at competitive levels (i.e., median). Actual total cash compensation will reflect an executive's current salary, individual performance and contributions, and organizational performance. |
| Benefits | <ul style="list-style-type: none"> Executive benefits and severance targeted at competitive levels (i.e., median). Perquisites should only be provided when supported by specific business reasons. ECH's practice is to minimize the use of perquisites. |

El Camino's Executives

The table below details the list of incumbents included in Mercer's review of FY 2017 total remuneration. See Appendix C for detailed biographies of each incumbent.

Table 2 – Executives Reviewed

| Incumbent | Title |
|------------------|---------------------------------------------------------------------------------------------------------|
| Michael Zdeblick | Chief Operating Officer |
| William Faber | Chief Medical Officer |
| Iftikhar Hussain | Chief Financial Officer |
| Greg Walton | Chief Information Officer |
| Mary Rotunno | General Counsel |
| Kathryn Fisk | Chief Human Resource Officer |
| Ken King | Chief Administrative Services Officer |
| Cheryl Reinking | Chief Nursing Officer |
| Joan Kezic | Vice President of Payor Relations |
| Cecile Currier | Vice President of Corporate & Community Health Services; CEO of CONCERN: Employee Assistance Program |
| Jodi Barnard | President of El Camino Hospital Foundation |

El Camino's Total Remuneration Program

Mercer assessed the value of the total remuneration provided to each executive, which consists of the following elements:

Table 3: Compensation Elements

| Element | Overview |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Base Salary | <ul style="list-style-type: none"> Annual cash salary based on position, market data, and incumbent skills and experience. For FY 2017, approved base salary increases ranged from 1.6%-5.0%, and were determined based on market, merit, and executive experience. Not all executives received base salary increases in FY 2017. |
| Incentives | <ul style="list-style-type: none"> Annual cash incentive awards were provided based on annual performance against system-wide financial, patient safety, quality outcomes, and smart growth metrics. For FY 2017, target opportunity remains at 20% of base salary for all executives, with maximum opportunity at 150% of target. |
| Retirement | <ul style="list-style-type: none"> Executives are eligible for the following employer paid retirement plans: a Qualified Defined Contribution (DC) Plan; a Qualified Defined Benefit (DB) Plan; and a Nonqualified DC SERP. Total employer contributions range from 10% to 15% for executives, depending on pay and years of service. Executives may also participate in 403(b) and 457(b) plans for voluntary deferrals, including unused allowance from the Taxable Benefit Plan. See Appendix B for a detailed break-down of benefits values. |
| Health & Welfare | <ul style="list-style-type: none"> Executives are eligible to receive the same health benefits as all other El Camino employees. Executives receive group life insurance coverage of up to 3x base salary (capped at \$1.25M). Executives receive short-term disability of 100% of base salary for six months. Executives receive long-term disability equal to 60% of base salary up to a monthly maximum of \$10,000. See Appendix B for a detailed break-down of benefits values. |
| Perquisites | <ul style="list-style-type: none"> Executives receive an employer contribution of 7% of base salary to an Executive Taxable Benefit Plan to purchase voluntary long-term disability, long-term care, and life insurance; unused allowance can be deferred to the 457(b) plan or paid in cash. Most executives elect to defer their allowance into the 457(b) plan. Executive severance policy provides six months of base salary and health benefits. |

Table 4 summarizes the approved target and maximum FY 2017 total compensation program for El Camino's executives. Target values below reflect the *structure* of El Camino's program; actual payouts will vary and are based on performance. Maximum values assume annual incentive is paid at the maximum value (150% of target).

Table 4: El Camino's FY 2017 Target and Maximum Total Remuneration Opportunity (Data in \$000s)

| Incumbent | Base Salary | Total Cash Compensation | | | | Total Remuneration | | |
|-----------|-------------|-------------------------|---------------------------|-----------|------------------------|--------------------|--------------------------|-----------------------|
| | | Target Bonus | Target TCC ⁽¹⁾ | Max Bonus | Max TCC ⁽¹⁾ | Benefits | Target TR ⁽²⁾ | Max TR ⁽²⁾ |
| Zdeblick | \$544 | 20% | \$653 | 30% | \$707 | \$126 | \$779 | \$833 |
| Faber | \$500 | 20% | \$600 | 30% | \$650 | \$102 | \$702 | \$752 |
| Hussain | \$459 | 20% | \$550 | 30% | \$596 | \$109 | \$660 | \$705 |
| Walton* | \$212 | 20% | \$254 | 30% | \$275 | \$55 | \$309 | \$330 |
| Rotunno | \$335 | 20% | \$402 | 30% | \$435 | \$103 | \$505 | \$538 |
| Fisk | \$328 | 20% | \$394 | 30% | \$427 | \$81 | \$474 | \$507 |
| King | \$289 | 20% | \$347 | 30% | \$376 | \$85 | \$432 | \$461 |
| Reinking | \$292 | 20% | \$351 | 30% | \$380 | \$89 | \$440 | \$469 |
| Kezic* | \$260 | 20% | \$312 | 30% | \$338 | \$90 | \$402 | \$428 |
| Currier | \$253 | 20% | \$303 | 30% | \$329 | \$77 | \$381 | \$406 |
| Barnard | \$246 | 20% | \$295 | 30% | \$320 | \$82 | \$377 | \$402 |

*Base salary reflects incumbent's FTE status: 0.6 for Walton and 0.9 for Kezic.

(1) Total Cash Compensation (TCC) calculated as Base Salary + Target/Max Bonus.

(2) Total Remuneration (TR) calculated as Total Cash Compensation + Benefits.

III. Methodology

Mercer's evaluation was conducted in accordance with our firm's standards for reviewing compensation arrangements in tax-exempt organizations.

Cash Compensation Assessment Methodology

Our approach to evaluating competitive compensation practices for El Camino's executives is to develop a composite of market data, constructed by weighting each of the following published healthcare surveys equally.

- Market Composite - Healthcare Surveys:
 - Mercer (2015): *Integrated Health Networks (IHN) Compensation Survey*;
 - Integrated Healthcare Strategies (2015): *National Healthcare Leadership Compensation Survey*; and
 - Sullivan, Cotter and Associates, Inc. (2015): *Survey of Manager and Executive Compensation in Hospitals and Health Systems*.
- Survey Data Methodology:
 - From each survey, we collected market data for base salary and total cash compensation at the 25th, 50th, and 75th percentiles.
 - All survey data was scoped to approximate El Camino's net revenue size (\$375M to \$1.5B, approximately 2.0x ECH net revenue of ~\$750M).
 - All data sources were trended to January 1, 2017 by 3.0%, the expected annual increase for executives at healthcare organizations.
 - All data sources were adjusted by 25% to account for the cost-of-labor market differences in the Bay Area. See Appendix D for detail.
 - For incumbents with reduced FTE status (Walton and Kezic) Mercer discounted the survey market data accordingly.
 - Mercer developed a position matching strategy for each role through a detailed review of job descriptions, discussions with El Camino, and interviews with executives.

Benefits Assessment

El Camino's benefits and perquisites were compared to practices among both not-for-profit organizations using Mercer's (2014/2015) *Healthcare Executive Benefits and Perquisites Survey* (revenue ranging from \$375M to \$1.5B) for not-for-profit organizations. To develop the survey total remuneration market perspective, Mercer added the market annualized value of retirement, health and welfare benefits and perquisites to market total cash compensation levels. To calculate Maximum Total Remuneration, Mercer added the annualized values of retirement and other benefits to target and maximum total cash compensation at the market 25th, 50th and 75th percentiles.

IV. Findings and Observations

Target Total Compensation

Tables 5-7 display the comparison of El Camino's approved FY 2017 target and maximum total remuneration program to market composite levels.

Overall, base salaries generally fall below the median of the primary not-for-profit healthcare market for nearly all executives when cost-of-labor differential is applied. El Camino target bonus levels bring total cash compensation (i.e., base + target bonus) to a more competitive position, falling closer to the median in aggregate. Target total remuneration (i.e., base + target bonus + benefits) is generally at or less than 10% above market medians, with a few exceptions of executives that are just under the market median. Maximum total cash compensation is positioned under the 75th percentile of market data. Maximum total remuneration is generally positioned under the 75th percentile of market data.

In aggregate, total remuneration of the executives is just above the market median, which aligns with the desired positioning stated in El Camino's compensation philosophy. We will review individual circumstances that warrant compensation above target levels later in this letter.

Base Salary

El Camino's philosophy calls for the following guidelines for placement in base salary range based upon a combination of the factors of paying competitively, rewarding performance, and recognizing competence, credentials and experience:

- Pay at 80% to 90% of market median for newly-hired individuals with limited experience or for individuals who have recently been promoted and need developmental time in the position.
- Pay at 90% to 110% of market median for fully experienced (6-8 years) individuals with demonstrated records of consistently meeting performance expectations.
- Pay at 110% to 120% of market median may be appropriate for a highly experienced individual with demonstrated record of consistently exceeding performance expectations or with skills and expertise beyond those normally associated with the position.
- Board of Directors can approve salaries above the normal salary range for hard-to recruit positions or positions deemed critical to the organization's success.

As shown in Table 5, in aggregate, FY 2017 base salary levels fall below the median of the primary not-for-profit healthcare market for nearly all executives.

Table 5: FY 2017 Approved Base Salary versus Market (Data in \$000s)

| Incumbent | Title | ECH FY2017 | Market Base Salary | | | Market Ratio P50 |
|------------------|-----------------------------------------|---------------|--------------------|-------|-------|---------------------|
| | | | P25 | P50 | P75 | |
| Zdebllick | Chief Operating Officer | \$544 | \$449 | \$573 | \$697 | 95% |
| Faber | Chief Medical Officer | \$500 | \$472 | \$519 | \$589 | 96% |
| Hussain | Chief Financial Officer | \$459 | \$478 | \$539 | \$610 | 85% |
| Walton* | Chief Information Officer | \$212 | \$200 | \$229 | \$260 | 92% |
| -- | Chief Strategy Officer | -- | \$295 | \$361 | \$427 | -- |
| Rotunno | General Counsel | \$335 | \$351 | \$391 | \$450 | 86% |
| Fisk | Chief Human Resource Officer | \$328 | \$311 | \$348 | \$391 | 94% |
| King | Chief Administrative Services Officer | \$289 | \$217 | \$289 | \$360 | 100% |
| Reinking | Chief Nursing Officer | \$292 | \$267 | \$325 | \$410 | 90% |
| Kezic* | Vice President of Payor Relations | \$260 | \$189 | \$238 | \$294 | 109% |
| Currier | VP Corp./ Comm. Health Svcs & Pres, EAP | \$253 | \$243 | \$264 | \$309 | 96% |
| Barnard | President of ECH Foundation | \$246 | \$218 | \$274 | \$320 | 90% |
| Aggregate | | | | | | 93% |

*Market data has been discounted to reflect incumbent's FTE status: 0.6 for Walton and 0.9 for Kezic.

Annual Incentives and Total Cash Compensation

Table 6 provides a comparison of El Camino's target total cash compensation (i.e., base + target bonus) to market composite target total cash compensation. In aggregate, El Camino's FY 2017 target total cash compensation for all roles is positioned within 10% of the median for nearly all executives.

Table 6: FY 2017 Approved Target Total Cash Compensation versus Market (Data in \$000s)

| Incumbent | Title | ECH TCC FY2017 | | Market Total Cash Compensation | | | Market Ratio Target/ P50 | Market Ratio Max/ P75 |
|------------------|-----------------------------------------|----------------|-------|--------------------------------|-------|-------|-----------------------------|--------------------------|
| | | (Target) | (Max) | P25 | P50 | P75 | | |
| Zdebllick | Chief Operating Officer | \$653 | \$707 | \$522 | \$663 | \$820 | 98% | 86% |
| Faber | Chief Medical Officer | \$600 | \$650 | \$484 | \$562 | \$716 | 107% | 91% |
| Hussain | Chief Financial Officer | \$550 | \$596 | \$515 | \$619 | \$710 | 89% | 84% |
| Walton* | Chief Information Officer | \$254 | \$275 | \$218 | \$251 | \$306 | 101% | 90% |
| -- | Chief Strategy Officer | -- | -- | \$309 | \$403 | \$488 | -- | -- |
| Rotunno | General Counsel | \$402 | \$435 | \$378 | \$446 | \$538 | 90% | 81% |
| Fisk | Chief Human Resource Officer | \$394 | \$427 | \$333 | \$389 | \$452 | 101% | 94% |
| King | Chief Administrative Services Officer | \$347 | \$376 | \$230 | \$319 | \$401 | 109% | 94% |
| Reinking | Chief Nursing Officer | \$351 | \$380 | \$309 | \$372 | \$477 | 94% | 80% |
| Kezic* | Vice President of Payor Relations | \$312 | \$338 | \$190 | \$260 | \$321 | 120% | 105% |
| Currier | VP Corp./ Comm. Health Svcs & Pres, EAP | \$303 | \$329 | \$250 | \$301 | \$353 | 101% | 93% |
| Barnard | President of ECH Foundation | \$295 | \$320 | \$233 | \$308 | \$356 | 96% | 90% |
| Aggregate | | | | | | | 99% | 89% |

*Market data has been discounted to reflect incumbent's FTE status: 0.6 for Walton and 0.9 for Kezic.

Benefits

Overall, El Camino's executive benefit offerings are comprehensive and generally consistent with market practice and those provided by comparators. The total value of El Camino's benefits program is generally aligned with the market median of the not-for-profit industry.

Retirement

Overall, the types of retirement plans offered by El Camino are consistent with market practice. Like El Camino, the vast majority of similarly sized tax-exempt health care organizations provide a qualified defined contribution plan. Total employer contribution to retirement (including defined contribution, defined benefit and SERP) is generally aligned with the median of the not-for-profit industry. However, with a flat 5% non-qualified contribution, higher paid executives receive lower overall retirement benefit values as a percent of base salary.

Health and Welfare Benefits

El Camino's executives receive the same health benefits as all other employees, which is consistent with market practice. Executives receive life insurance coverage of up to 3X base pay (\$1,250,000 maximum), which is aligned with the market 75th percentile. Executives receive short-term disability coverage of 100% of base salary for up to 6 months, and long-term disability coverage of 60% of base pay up to a monthly maximum benefit of \$10,000, which is consistent with market practice. Given the benefit levels, El Camino is generally consistent with market practice in its health and welfare benefit offerings.

Perquisites

El Camino provides executives with an employer contribution of 7% of base salary to an Executive Taxable Benefit Plan to purchase voluntary long-term disability coverage, long-term care, and life insurance. Any unused allowance can be deferred to the 457(b) plan or the executive may opt to receive in cash. Perquisites without a clear business-related purpose continue to become less prevalent in the market. Flexible benefit plans in particular are declining in prevalence for a variety of reasons including complexity and cost. El Camino's executive severance policy is to provide salary and health benefits for six months. The length of El Camino's severance period is below market practices.

Target Total Remuneration

El Camino's target total remuneration values (base + target bonus + benefits) for executives are generally within 10% of the market median. In aggregate total remuneration is 6% above the market median.

Maximum Total Remuneration Opportunity

In addition to examining the approved target total remuneration program for El Camino's executives, Mercer also has reviewed the *maximum* total remuneration opportunity for executives (maximum total direct compensation plus benefits). Maximum total remuneration assumes the annual incentive plan pays out at maximum (i.e., 150% of target).

In aggregate, El Camino's maximum total remuneration program falls below the market 75th percentile, with variance by incumbent. In aggregate, maximum total remuneration falls approximately 6% below the market 75th percentile.

Table 7: FY 2017 Approved Target and Maximum Total Remuneration versus Market (Data in \$000s)

| Incumbent | Title | ECH TR FY2017 | | Market Total Remuneration | | | Market Ratio Market Ratio | |
|------------------|-----------------------------------------|---------------|-------|---------------------------|-------|-------|---------------------------|----------|
| | | (Target) | (Max) | P25 | P50 | P75 | Target/ P50 | Max/ P75 |
| Zdeblick | Chief Operating Officer | \$779 | \$833 | \$602 | \$760 | \$935 | 102% | 89% |
| Faber | Chief Medical Officer | \$702 | \$752 | \$563 | \$648 | \$811 | 108% | 93% |
| Hussain | Chief Financial Officer | \$660 | \$705 | \$590 | \$703 | \$803 | 94% | 88% |
| Walton* | Chief Information Officer | \$309 | \$330 | \$257 | \$294 | \$353 | 105% | 94% |
| -- | Chief Strategy Officer | -- | -- | \$367 | \$470 | \$565 | -- | -- |
| Rotunno | General Counsel | \$505 | \$538 | \$444 | \$518 | \$618 | 98% | 87% |
| Fisk | Chief Human Resource Officer | \$474 | \$507 | \$389 | \$451 | \$519 | 105% | 98% |
| King | Chief Administrative Services Officer | \$432 | \$461 | \$264 | \$358 | \$446 | 121% | 103% |
| Reinking | Chief Nursing Officer | \$440 | \$469 | \$346 | \$415 | \$526 | 106% | 89% |
| Kezic* | Vice President of Payor Relations | \$402 | \$428 | \$223 | \$298 | \$363 | 135% | 118% |
| Currier | VP Corp./ Comm. Health Svcs & Pres, EAP | \$381 | \$406 | \$295 | \$349 | \$406 | 109% | 100% |
| Barnard | President of ECH Foundation | \$377 | \$402 | \$280 | \$363 | \$417 | 104% | 96% |
| Aggregate | | | | | | | 106% | 94% |

*Market data has been discounted to reflect incumbent's FTE status: 0.6 for Walton and 0.9 for Kezic.

V. Basis for Opinion

Many factors are considered in an evaluation of the reasonableness of pay, including the organization's performance, its total rewards philosophy, and the qualifications and roles of the incumbents. Market data and external factors play a role in determining a reasonable range of compensation practices. Differences in pay levels between an organization and the market data (i.e., variation from the 75th) do not mean that an organization is necessarily over- or under-competitive. El Camino can compensate an executive above the 75th percentiles of the market and still be within a range of reasonable compensation, depending on the facts and circumstances of the particular situation.

- Industry Pressure: With the significant changes in the healthcare industry, El Camino faces a strategic crossroads as an independent community hospital system. The ability to attract and retain key talent remains critical to the future success of the organization during this turbulent time.
- Executive Compensation Philosophy: El Camino's desired market positioning as described in the executive compensation philosophy is the market median. In aggregate, El Camino executives are positioned near or below the median for target compensation across compensation elements, in alignment with the compensation philosophy. Certain individuals exceed target positioning, but this reflects specific circumstances and the decision of El Camino to allocate its compensation spend strategically across the executive team.
- The Qualifications and Roles of the Incumbents: The El Camino executive team is critical to the success of the organization. They are well-regarded, experienced, and possess significant institutional and industry knowledge. Two incumbents' above-market compensation reflects unique circumstances by incumbent and role:
 - The **Vice President of Payor Relations** has responsibility for relationships that El Camino Hospital believes are essential for the continued success of the organization as an independent hospital, and the Committee believes that retention of top talent in this role is critical to the execution of the organization strategy. Therefore, the Committee is comfortable positioning base salary more aggressively to market which results in maximum total remuneration opportunity above the 75th percentile.

VI. Opinion of Reasonableness

Mercer (US) Inc. certifies that it (1) is a compensation consulting firm, (2) performs compensation valuation studies of this type on a regular basis, and (3) is qualified to perform the valuations of the type of property or services involved. In our opinion, the total remuneration we have reviewed falls within a reasonable range of competitive market practices applicable to like positions among like organizations under like circumstances.

Disclaimers

Mercer has relied on the information and data provided to us without any independent review or verification and we assume all data provided to us is accurate, factual and complete. This does not constitute an opinion regarding the underlying business decisions.

This opinion has been prepared exclusively for El Camino Hospital to assist in understanding market total remuneration positioning for its senior executives. This letter provides the Committee with market comparability data as required by Intermediate Sanctions regulations and we urge the Committee to ensure that the additional requirements for establishing the rebuttable presumption/determining reasonable compensation have been met and to seek the advice of counsel as needed in this regard. This letter may not be used or relied upon by any other party or for any other purpose; Mercer is not responsible for the consequences of any such unauthorized use.

As always, it is our pleasure to be of service. If you have any questions about this letter, please do not hesitate to contact me at (213) 346-2233.

Sincerely,



Stephen S. Pollack
Partner

Copy:
Lisa Stella, Mercer

Appendix A: Market Evaluation Details

Table 8: Chief Operating Officer Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|----------------------------------------------------------------------------------------------------------------------------|-----|-----|----------|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|--------------|--------------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-IHS-15 - 100 - Independent Chief Operating Officer - System: Net Rev \$500M-\$1.0B | 1 | | 30 | | \$396 | \$475 | \$571 | \$464 | \$543 | \$664 | \$464 | \$566 | \$664 | -- | -- | -- |
| _US-HLTH-MER-15 - 4102A - Chief Operating Officer (COO) - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD | 1 | | 15 | 15 | \$312 | \$467 | \$604 | \$400 | \$558 | \$739 | \$400 | \$558 | \$739 | -- | -- | -- |
| US-HLTH-SUL-15 - 7005 - Chief Operating Officer - System: \$400M to \$900M Net Revenue | 1 | | 59 | | \$369 | \$433 | \$497 | \$387 | \$490 | \$565 | \$387 | \$496 | \$565 | -- | -- | -- |
| Survey Composite | | | | | \$359 | \$458 | \$557 | \$417 | \$530 | \$656 | \$417 | \$540 | \$656 | \$485 | \$612 | \$751 |
| Survey Composite with 25% Geographic Differential | | | | | \$449 | \$573 | \$697 | \$522 | \$663 | \$820 | \$522 | \$675 | \$820 | \$602 | \$760 | \$935 |

Table 9: Chief Medical Officer Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|--------------------------------------------------------------------------------------------------------------------------|-----|-----|----------|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|--------------|--------------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-IHS-15 - 650 - Chief Medical Officer (MD/DO) - System: Net Rev \$500M-\$1.0B | 1 | | 37 | | \$395 | \$413 | \$449 | \$402 | \$461 | \$564 | \$402 | \$461 | \$564 | -- | -- | -- |
| _US-HLTH-MER-15 - 4320A - Chief Medical Officer (CMO) - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD | 1 | | 19 | 19 | \$369 | \$434 | \$495 | \$385 | \$450 | \$602 | \$394 | \$450 | \$602 | -- | -- | -- |
| US-HLTH-SUL-15 - 7010 - Chief Medical Officer - System: \$400M to \$900M Net Revenue | 1 | | 67 | | \$370 | \$398 | \$470 | \$374 | \$439 | \$552 | \$374 | \$439 | \$552 | -- | -- | -- |
| Survey Composite | | | | | \$378 | \$415 | \$471 | \$387 | \$450 | \$573 | \$390 | \$450 | \$573 | \$453 | \$521 | \$651 |
| Survey Composite with 25% Geographic Differential | | | | | \$472 | \$519 | \$589 | \$484 | \$562 | \$716 | \$487 | \$562 | \$716 | \$563 | \$648 | \$811 |

Table 10: Chief Financial Officer Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|----------------------------------------------------------------------------------------------------------------------------|-----|-----|----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-IHS-15 - 425 - Independent Chief Financial Officer - System: Net Rev \$500M-\$1.0B | 1 | | 38 | | \$396 | \$440 | \$475 | \$443 | \$499 | \$577 | \$443 | \$499 | \$577 | -- | -- | -- |
| _US-HLTH-MER-15 - 4230A - Chief Financial Officer (CFO) - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD | 1 | | 29 | 29 | \$384 | \$437 | \$533 | \$392 | \$531 | \$605 | \$392 | \$531 | \$632 | -- | -- | -- |
| US-HLTH-SUL-15 - 7015 - Chief Financial Officer - System: \$400M to \$900M Net Revenue | 1 | | 87 | | \$368 | \$418 | \$457 | \$401 | \$457 | \$522 | \$404 | \$457 | \$546 | -- | -- | -- |
| Survey Composite | | | | | \$383 | \$432 | \$488 | \$412 | \$495 | \$568 | \$413 | \$495 | \$585 | \$473 | \$564 | \$644 |
| Survey Composite with 25% Geographic Differential | | | | | \$478 | \$539 | \$610 | \$515 | \$619 | \$710 | \$516 | \$619 | \$731 | \$590 | \$703 | \$803 |

Table 11: Chief Information Officer Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|------------------------------------------------------------------------------------------------------------------------------|-----|--------------------------------------------|----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-IHS-15 - 550 - Chief Information Officer - System: Net Rev \$500M-\$1.0B | 1 | -40% for reduced FTE Status | 36 | | \$167 | \$186 | \$218 | \$182 | \$200 | \$259 | \$183 | \$200 | \$259 | -- | -- | -- |
| _US-HLTH-MER-15 - 4165A - Chief Information Officer (CIO) - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD | 1 | -40% for reduced FTE Status; -10% for Size | 27 | 27 | \$149 | \$184 | \$205 | \$172 | \$209 | \$249 | \$172 | \$211 | \$250 | -- | -- | -- |
| US-HLTH-SUL-15 - 7030 - Chief Information Officer - System: \$400M to \$900M Net Revenue | 1 | -40% for reduced FTE Status | 56 | | \$163 | \$179 | \$200 | \$170 | \$194 | \$225 | \$170 | \$194 | \$225 | -- | -- | -- |
| Survey Composite | | | | | \$160 | \$183 | \$208 | \$174 | \$201 | \$245 | \$175 | \$202 | \$245 | \$207 | \$237 | \$284 |
| Survey Composite with 25% Geographic Differential | | | | | \$200 | \$229 | \$260 | \$218 | \$251 | \$306 | \$218 | \$252 | \$306 | \$257 | \$294 | \$353 |

Table 12: Chief Strategy Officer Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|------------------------------------------------------------------------------------------------------------------------------|-----|---------------|----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-MER-15 - 4391A - Top Strategic Planning Executive - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD | 1 | -10% for Size | 18 | 18 | \$213 | \$244 | \$314 | \$215 | \$282 | \$379 | \$215 | \$293 | \$379 | -- | -- | -- |
| US-HLTH-SUL-15 - 7027 - Chief Strategy Officer - System: \$400M to \$900M Net Revenue | 1 | | 16 | | \$259 | \$333 | \$368 | \$279 | \$363 | \$402 | \$279 | \$365 | \$412 | -- | -- | -- |
| Survey Composite | | | | | \$236 | \$289 | \$341 | \$247 | \$322 | \$390 | \$247 | \$329 | \$396 | \$297 | \$380 | \$455 |
| Survey Composite with 25% Geographic Differential | | | | | \$295 | \$361 | \$427 | \$309 | \$403 | \$488 | \$309 | \$411 | \$494 | \$367 | \$470 | \$565 |

Table 13: General Counsel Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----|---------------|----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-IHS-15 - 590 - Top Executive, Legal Services (General Counsel) - System: Net Rev \$500M-\$1.0B | 1 | | 24 | | \$290 | \$320 | \$366 | \$312 | \$356 | \$439 | \$312 | \$356 | \$439 | -- | -- | -- |
| US-HLTH-MER-15 - 4280A - Chief Legal Counsel/Top Legal Services Executive - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD | 1 | -10% for Size | 25 | 25 | \$282 | \$314 | \$363 | \$304 | \$366 | \$453 | \$304 | \$370 | \$453 | -- | -- | -- |
| US-HLTH-SUL-15 - 7075 - Top Legal Services Executive (General Counsel) - System: \$400M to \$900M Net Revenue | 1 | | 49 | | \$269 | \$305 | \$351 | \$291 | \$348 | \$399 | \$291 | \$348 | \$399 | -- | -- | -- |
| Survey Composite | | | | | \$280 | \$313 | \$360 | \$302 | \$356 | \$430 | \$302 | \$358 | \$430 | \$358 | \$417 | \$498 |
| Survey Composite with 25% Geographic Differential | | | | | \$351 | \$391 | \$450 | \$378 | \$446 | \$538 | \$378 | \$447 | \$538 | \$444 | \$518 | \$618 |

Table 14: Chief Human Resource Officer Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|----------------------------------------------------------------------------------------------------------------------------|-----|-----|----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-IHS-15 - 500 - Top Executive, Human Resources - System: Net Rev \$500M-\$1.0B | 1 | | 41 | | \$254 | \$286 | \$313 | \$275 | \$317 | \$364 | \$275 | \$317 | \$368 | -- | -- | -- |
| _US-HLTH-MER-15 - 4260A - Top Human Resources Executive - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD | 1 | | 29 | 29 | \$253 | \$284 | \$327 | \$270 | \$320 | \$387 | \$270 | \$320 | \$391 | -- | -- | -- |
| US-HLTH-SUL-15 - 7055 - Top Human Resources Executive - System: \$400M to \$900M Net Revenue | 1 | | 77 | | \$240 | \$266 | \$298 | \$255 | \$298 | \$333 | \$255 | \$298 | \$333 | -- | -- | -- |
| Survey Composite | | | | | \$249 | \$279 | \$313 | \$266 | \$311 | \$361 | \$266 | \$311 | \$364 | \$314 | \$363 | \$418 |
| Survey Composite with 25% Geographic Differential | | | | | \$311 | \$348 | \$391 | \$333 | \$389 | \$452 | \$333 | \$389 | \$455 | \$389 | \$451 | \$519 |

Table 1: Chief Administrative Services Officer Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|-------------------------------------------------------------------------------------------------------------|-----|---------------|----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-IHS-15 - 215 - Top Executive, Support Services - System: Net Rev \$500M-\$1.0B | 1 | | 12 | | \$179 | \$243 | \$261 | \$190 | \$243 | \$296 | \$190 | \$243 | \$305 | -- | -- | -- |
| _US-HLTH-MER-15 - 4530A - Head of Support Services - Healthcare System: Total Net Revenue: 500M or More USD | 1 | -15% for Size | 7 | 7 | \$141 | \$228 | \$355 | \$150 | \$267 | \$393 | \$150 | \$267 | \$393 | -- | -- | -- |
| US-HLTH-SUL-15 - 7061 - Top Support Services Executive - System: \$400M to \$900M Net Revenue | 1 | | 13 | | \$200 | \$222 | \$249 | \$213 | \$256 | \$272 | \$222 | \$256 | \$272 | -- | -- | -- |
| Survey Composite | | | | | \$173 | \$231 | \$288 | \$184 | \$255 | \$321 | \$187 | \$255 | \$324 | \$214 | \$290 | \$360 |
| Survey Composite with 25% Geographic Differential | | | | | \$217 | \$289 | \$360 | \$230 | \$319 | \$401 | \$234 | \$319 | \$404 | \$264 | \$358 | \$446 |

Table 16: Chief Nursing Officer Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|---------------------------------------------------------------------------------------------------------|-----|---------------|----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-IHS-15 - 120 - Top Executive, Patient Care - System: Net Rev \$500M-\$1.0B | 1 | | 17 | | \$183 | \$226 | \$348 | \$183 | \$253 | \$402 | \$183 | \$253 | \$410 | -- | -- | -- |
| _US-HLTH-MER-15 - 4381A - Top Patient Care Executive - Healthcare System: Median Net Revenue: 1.95B USD | 1 | -20% for Size | 7 | 7 | \$247 | \$267 | \$309 | \$333 | \$336 | \$369 | \$333 | \$366 | \$373 | -- | -- | -- |
| US-HLTH-SUL-15 - 7045 - Top Patient Care Executive - System: \$400M to \$900M Net Revenue | 1 | | 25 | | \$212 | \$288 | \$326 | \$225 | \$304 | \$373 | \$225 | \$304 | \$373 | -- | -- | -- |
| Survey Composite | | | | | \$214 | \$260 | \$328 | \$247 | \$298 | \$381 | \$247 | \$308 | \$385 | \$280 | \$335 | \$424 |
| Survey Composite with 25% Geographic Differential | | | | | \$267 | \$325 | \$410 | \$309 | \$372 | \$477 | \$309 | \$385 | \$482 | \$346 | \$415 | \$526 |

Table 17: Vice President of Payor Relations Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|-------------------------------------------------------------------------------------------------------------------|-----|-----------------------------|----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-IHS-15 - 800 - Head of Managed Care - System: Net Rev \$500M-\$1.0B | 1 | -10% for reduced FTE Status | 15 | | \$131 | \$176 | \$226 | \$131 | \$176 | \$252 | \$133 | \$176 | \$252 | -- | -- | -- |
| _US-HLTH-MER-15 - 4330A - Head of Managed Care - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD | 1 | -10% for reduced FTE Status | 16 | 16 | \$140 | \$193 | \$239 | \$143 | \$219 | \$269 | \$143 | \$219 | \$269 | -- | -- | -- |
| US-HLTH-SUL-15 - 7229 - Top Managed Care Executive - System: \$400M to \$900M Net Revenue | 1 | -10% for reduced FTE Status | 12 | | \$182 | \$201 | \$240 | \$182 | \$231 | \$249 | \$182 | \$231 | \$249 | -- | -- | -- |
| Survey Composite | | | | | \$151 | \$190 | \$235 | \$152 | \$208 | \$257 | \$153 | \$208 | \$257 | \$182 | \$241 | \$294 |
| Survey Composite with 25% Geographic Differential | | | | | \$189 | \$238 | \$294 | \$190 | \$260 | \$321 | \$191 | \$260 | \$321 | \$223 | \$298 | \$363 |

Table 18: Vice President of Corporate and Community Health Services; CEO of CONCERN: Employee Assistance Program Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|---------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------|----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| _US-HLTH-MER-15 - 4600A - Head of Product/Service Line - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD | 1 | -15% for Size, +20% for Org Level | 8 | 16 | \$173 | \$187 | \$202 | \$173 | \$208 | \$251 | \$173 | \$208 | \$251 | -- | -- | -- |
| US-HLTH-IHS-15 - 325 - Head of Service Line (with Nursing) - System: National | 1 | +20% for Org Level | 12 | | \$193 | \$208 | \$262 | \$200 | \$253 | \$300 | \$200 | \$253 | \$300 | -- | -- | -- |
| US-HLTH-SUL-15 - 7260 - Top Service Line Executive - Other - System: All Organizations | 1 | +20% for Org Level | 16 | | \$217 | \$238 | \$277 | \$228 | \$261 | \$298 | \$228 | \$261 | \$298 | -- | -- | -- |
| US-HLTH-SUL-15 - 7930 - Head of Service Line - Other - System: All Organizations | 0 | +20% for Org Level | 8 | | \$156 | \$169 | \$182 | \$165 | \$181 | \$198 | \$165 | \$181 | \$198 | -- | -- | -- |
| Survey Composite | | | | | \$194 | \$211 | \$247 | \$200 | \$241 | \$283 | \$200 | \$241 | \$283 | \$239 | \$282 | \$328 |
| Survey Composite with 25% Geographic Differential | | | | | \$243 | \$264 | \$309 | \$250 | \$301 | \$353 | \$250 | \$301 | \$353 | \$295 | \$349 | \$406 |

Table 19: President of El Camino Hospital Foundation Market Data

| Benchmark Match Information | Wgt | Adj | # of Cos | # of Incs | Base | | | TCC | | | TDC | | | Total Remuneration | | |
|-----------------------------------------------------------------------------------------------------------------|-----|---------------|----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| | | | | | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th | 25th | 50th | 75th |
| US-HLTH-IHS-15 - 735 - Head of Foundation/Fund Development - System: Net Rev \$500M-\$1.0B | 1 | | 32 | | \$165 | \$209 | \$254 | \$182 | \$217 | \$274 | \$182 | \$217 | \$274 | -- | -- | -- |
| _US-HLTH-MER-15 - 4240A - Head of Foundation - Healthcare System: Total Net Revenue: 350M to less than 1.5B USD | 1 | -10% for Size | 16 | 16 | \$159 | \$217 | \$243 | \$159 | \$254 | \$281 | \$159 | \$254 | \$281 | -- | -- | -- |
| US-HLTH-SUL-15 - 7090 - Top Foundation/Fund Development Executive - System: \$400M to \$900M Net Revenue | 1 | | 39 | | \$199 | \$233 | \$271 | \$217 | \$268 | \$298 | \$217 | \$268 | \$298 | -- | -- | -- |
| Survey Composite | | | | | \$174 | \$219 | \$256 | \$186 | \$246 | \$284 | \$186 | \$246 | \$284 | \$227 | \$294 | \$337 |
| Survey Composite with 25% Geographic Differential | | | | | \$218 | \$274 | \$320 | \$233 | \$308 | \$356 | \$233 | \$308 | \$356 | \$280 | \$363 | \$417 |

Appendix B: Executive Benefits and Perquisites Review

Retirement Plans Summary

| | El Camino | Market Practice | Comments |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employer-paid Retirement Benefits | <p>Qualified Defined Contribution (DC) Plan 403(b) Plan</p> <ul style="list-style-type: none"> Employer matching contribution of base salary deferred, subject to IRS limits (\$270,000 in 2017), based on years of service: <ul style="list-style-type: none"> 1-14 years: 4% 15-19 years: 5% 20+ years: 6% <p>Qualified Defined Benefit (DB) Plan Cash Balance Plan</p> <ul style="list-style-type: none"> Employer contribution of 5% of base salary, subject to IRS limits (\$270,000 in 2017) <p>Nonqualified DC SERP 457(f) Plan</p> <ul style="list-style-type: none"> Executives receive an employer contribution equal to 5% of base salary <p>Total employer contribution ranges from 10% to 16% for executives, depending on pay and years of service</p> | <p>Not-for-Profit</p> <ul style="list-style-type: none"> The vast majority of organizations provide employer contributions to a qualified DC plan <ul style="list-style-type: none"> Approximately 15% provide a qualified DB plan Approximately 75% provide a supplemental plan to Tier 1 executives (~35% provide to Tier 2 executives) <ul style="list-style-type: none"> The vast majority are DC SERPs Total contribution from all employer-provided sources (as a percentage of base salary) is 13.5% to Tier 1 and 7% to Tier 2 at the median (25%, and 14% at 75th percentile respectively) <p>For-Profit</p> <ul style="list-style-type: none"> The vast majority of organizations provide employer contributions to a qualified DC plan <ul style="list-style-type: none"> Less than 10% provide a qualified DB plan Approximately 45% provide a supplemental plan to executives Total contribution from all employer-provided sources (as a percentage of base salary) is 5% at the median (9% at the 75th percentile) | <ul style="list-style-type: none"> Overall structure of the benefit (including providing a DC SERP) is generally consistent with market practice, although prevalence of DB plans continues to decline. Total employer contribution is generally aligned with market median of the not-for-profit industry and above market 75th percentile in the for-profit industry, depending on pay, level, and years of service. <ul style="list-style-type: none"> Higher-paid executives are positioned lower due to IRS limits on pay in the qualified plans and the SERP contribution is not enough to bring the benefit up to market median |

Sources: Mercer's 2014/2015 Healthcare Executive Benefits and Perquisites Survey for nonprofit comparators and SEC filings for for-profit comparators. Tier 1 Executives: CEO direct report; Tier 2 Executives: Tier 1 direct report.

Retirement Plans Summary, continued

| | El Camino | Market Practice | Comments |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Voluntary Employee Retirement Deferrals | <u>403(b) Plan</u> <ul style="list-style-type: none"> Allows for deferral of pay (up to \$18,000 in 2017; \$24,000 if age 50+) <u>457(b) Plan</u> <ul style="list-style-type: none"> Allows for additional deferral up to \$18,000 in 2017 Most executives have elected to defer some of their Taxable Benefit Plan into the 457(b) plan | <ul style="list-style-type: none"> Nearly all organizations allow for employee deferrals to a 403(b)/401(k) plan Not-for-Profit <ul style="list-style-type: none"> Approximately 80% of organizations allow additional employee deferrals into a 457(b) plan for Tier 1 executives (65% for Tier 2) For-Profit <ul style="list-style-type: none"> Approximately 55% of organizations allow additional employee deferrals into a nonqualified voluntary deferred compensation plan | <ul style="list-style-type: none"> Consistent with market practice to provide a 457(b) plan |

Sources: Mercer's 2014/2015 Healthcare Executive Benefits and Perquisites Survey for nonprofit comparators and SEC filings for for-profit comparators. Tier 1 Executives: CEO direct report; Tier 2 Executives: Tier 1 direct report.

Health & Welfare Plans Summary

| | El Camino | Market Practice | Comments |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Medical | <ul style="list-style-type: none"> Executives receive the same health benefits as all employees | <ul style="list-style-type: none"> Common to provide the same health benefits and employer/employee cost sharing to all employees Supplemental executive medical coverage is not market prevalent, and this trend continues to decrease in light of healthcare reform | <ul style="list-style-type: none"> Consistent with market practice |
| Life Insurance | <ul style="list-style-type: none"> Employer-paid group coverage for executives only up to 3X annual base salary, up to a maximum of \$1.25 million | <ul style="list-style-type: none"> Almost all comparable organizations provide employer-paid group term life insurance benefits Approximately 50% provide additional life insurance coverage to Tier 1 executives and 30% to Tier 2 Median employer-paid coverage is typically 2X base salary (3X base salary at the 75th percentile) | <ul style="list-style-type: none"> Coverage level is aligned with market 75th percentile |

Sources: Mercer's 2014/2015 Healthcare Executive Benefits and Perquisites Survey for nonprofit comparators and SEC filings for for-profit comparators. Tier 1 Executives: CEO direct report; Tier 2 Executives: Tier 1 direct report

Health & Welfare Plans Summary, continued

| | El Camino | Market Practice | Comments |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Short-term Disability (STD) | <ul style="list-style-type: none"> Employer-paid executive coverage equal to 100% of base salary for up to 6 months | <ul style="list-style-type: none"> Approximately 75% of comparable organizations provide employer-paid group short-term disability <ul style="list-style-type: none"> 60% of base salary is the most common benefit Approximately 35% provide supplemental employer-paid STD coverage to Tier 1 executives (30% to Tier 2) <ul style="list-style-type: none"> 100% of base salary is the most common benefit | <ul style="list-style-type: none"> Consistent with market practice |
| Long-term Disability (LTD) | <ul style="list-style-type: none"> Employer-paid group coverage to all employees equal to 60% of base salary up to a monthly maximum of \$10,000 | <ul style="list-style-type: none"> The vast majority of comparable organizations provide employer-paid group LTD coverage Approximately 60% provide additional employer-paid LTD coverage to Tier 1 executives (40% to Tier 2) <ul style="list-style-type: none"> Median total employer-paid coverage is 60% of base salary up to \$15,000 per month | <ul style="list-style-type: none"> Coverage level is consistent with market practice Maximum benefit is slightly below market median |

Sources: Mercer's 2014/2015 Healthcare Executive Benefits and Perquisites Survey for nonprofit comparators and SEC filings for for-profit comparators. Tier 1 Executives: CEO direct report; Tier 2 Executives: Tier 1 direct report

Severance and Perquisites Summary

| | El Camino | Market Practice | Comments |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Executive Severance | <ul style="list-style-type: none"> Salary and health benefits continue for 6 months | <ul style="list-style-type: none"> Approximately 80% provide executive severance benefits to Tier 1 executives (~45% to Tier 2). <ul style="list-style-type: none"> Median severance period is 12 months for Tier 1 and Tier 2 executives Over 75% continue benefits during the severance period | <ul style="list-style-type: none"> Length of severance period is below market median |
| Executive Perquisites | <ul style="list-style-type: none"> Executives receive an employer contribution of 7% of base salary to an Executive Taxable Benefit Plan to purchase voluntary LTD, Long-term Care, and Life insurance; unused allowance can be deferred to the 457(b) plan or paid in cash, which most executives elect | <ul style="list-style-type: none"> Car/car allowance is the only perquisite that remains somewhat prevalent (30% for Tier 1, 5% for Tier 2) | <ul style="list-style-type: none"> Perquisites without a clear business-related purpose continue to become less prevalent |

Sources: Mercer's 2014/2015 Healthcare Executive Benefits and Perquisites Survey for nonprofit comparators and SEC filings for for-profit comparators. Tier 1 Executives: CEO direct report; Tier 2 Executives: Tier 1 direct report

Appendix C: Executive Biographies

Mick Zdeblick **Chief Operating Officer**



Mick Zdeblick joined El Camino Hospital as the chief operating officer in the fall of 2012. He has more than 25 years of management and operational experience. Mick spent the majority of his career at APM Inc. (acquired by CSC in 2001). He previously served as vice president of operations at Rush University Medical Center in Chicago, Illinois. Mick earned a bachelor's degree in business administration from Marquette University and a master's degree from Northwestern University Kellogg School of Management in Chicago.

William Faber, MD **Chief Medical Officer**



Dr. William Faber joined El Camino Hospital as the Chief Medical Officer in the summer of 2016, bringing 30 years of medical experience. Before coming to El Camino Hospital, he held many senior leadership roles, including several with Advocate Health Care in Oakbrook, Illinois and most recently with General Electric (GE) Healthcare Camden Group in Chicago. Dr. Faber earned both his medical degree and his master's degree in medical ethics from Loma Linda University, and received a master of science in health care management from Harvard School of Public Health. Dr. Faber, board certified in Family Medicine, completed his residency at Family Medicine at Hinsdale Family Medicine Practice in Hinsdale, Illinois. He's a Fellow of the American Academy of Family Practice and a member of the American Academy of Family Physicians, in addition to several other professional organizations.

Iftikhar Hussain

Chief Financial Officer



Iftikhar Hussain joined El Camino Hospital as the chief financial officer in the spring of 2014. He has more than 30 years of healthcare financial experience. Most recently, Iftikhar was chief executive officer of Mills-Peninsula Health Services in Burlingame, California. Other previous roles include director of finance at Alta Bates Summit Medical Center in Oakland, California, and director of accounting services at Mercy Healthcare/Catholic Healthcare West in Sacramento, California. He earned a bachelor's degree in finance and accounting from the University of California, Berkeley. Iftikhar is a member of the Healthcare Financial Management Association.

Greg Walton

Chief Information Officer



Greg Walton joined El Camino Hospital as the chief information officer in late 2007. He has more than 35 years of health information technology experience. Most recently, he served as senior vice president and chief information officer at Carilion Health System in Roanoke, Virginia. He has also held management positions at the University of Pittsburgh Medical Center, CapGemini, and SMS. Greg holds a master's degree in business administration from Widener University in Chester, Pennsylvania, and a bachelor's degree in social science from the University of Miami, Florida. He's a fellow of the Healthcare Information and Management Systems Society (HIMSS), as well as the past chair of the HIMSS Board of Directors.

Mary Rotunno

General Counsel



Mary Rotunno is the General Counsel for El Camino Hospital. Before joining the hospital in early 2014, she served for over 11 years as Senior Counsel for the Bay Area Region at Dignity Health in San Francisco, California. Mary has more than 25 years of experience as an attorney specializing in litigation and healthcare law. Mary graduated from University of Illinois at the Medical Center with a Bachelor of Science in Nursing and worked as a registered nurse before earning her Juris Doctor degree from University of California, Hastings College of Law. Her long-term commitment to service provided a natural transition from serving patients to serving clients, both allowing her to pursue her passion for helping others.

Kathryn Fisk

Chief Human Resource Officer



Kathryn Fisk is the chief human resources officer for El Camino Hospital. She joined the hospital in early 2014. Most recently Kathryn was regional director of human resources for the Florida Region of Tenet Healthcare. She also served in several senior-level human resources positions at the University of Miami Health System, Baptist Health South Florida and the University of Massachusetts Medical Center and School. Along with master's degrees in biology and business administration, she holds a lifetime Senior Professional in Human Resources certification from the Society of Human Resources Management (SHRM).

Ken King

Chief Administrative Services Officer



Ken King is the chief administrative services officer for El Camino Hospital. He joined the hospital in 1988. Before joining the El Camino Hospital, Ken worked in various engineering management positions in hospitals in Southern California. He's a member of the American Society of Hospital Engineers, National Fire Protection Agency, and the Association for the Advancement of Medical Instrumentation.

Cheryl Reinking, RN, MS

Chief Nursing Officer



Cheryl Reinking serves as the chief nursing officer for El Camino Hospital. She has served the hospital in progressive nursing leadership roles for the past 25 years. Cheryl received a bachelor's degree in nursing from Illinois Wesleyan University and a master's degree from San Jose State University. She's a member of the El Camino Hospital Community Benefit Advisory Board, Integrated Nurse Leadership Program Board, and Private Duty for Pathways Home Health and Hospice Board. Cheryl is also certified by American Nurses Credentialing Center in advanced nursing administration.

Joan Kezic

Vice President of Payor Relations



Joan Kezic is the vice president of payor relations for El Camino Hospital. She joined the hospital in 1996 after 10 years as director of contracting at Sequoia Hospital in Redwood City, California. Joan received a bachelor's degree in health planning and business administration from Penn State University. She's a member of the Managed Care Committee of the California Healthcare Association and the Healthcare Financial Management Association.

Cecile Currier

Vice President of Corporate and Community Health Services; CEO of CONCERN: Employee Assistance Program



Cecile Currier is the vice president of corporate and community health services for El Camino Hospital, as well as the chief executive officer of CONCERN: Employee Assistance Program. An employee of El Camino Hospital since 1985, she has many years of experience in healthcare with a focus on behavioral health, community health services, occupational health and employee assistance programs. Cecile earned a bachelor's degree in sociology and a master's degree in social work from the University of California, Santa Barbara. She's also a licensed clinical social worker.

Jodi Barnard**President of the El Camino Hospital Foundation**

Jodi Barnard joined El Camino Hospital as the president of the El Camino Hospital Foundation in the fall of 2013. She has more than 25 years of development leadership experience across acute and pediatric healthcare, higher education and nonprofit institutions. Most recently, Jodi served as the regional executive director for statewide foundations of Providence Health & Services in Oregon and executive director of the Providence Community Health Foundation, Southern Oregon Service Area. Before moving to Oregon, she led development programs at Dayton's Children's Medical Center, the University of Dayton and Qbase. Jodi is a graduate of Interlochen Arts Academy and DePauw University.

Appendix D: Cost-of-Labor Differential

- A cost-of-labor differential is a numerical value that expresses how a position's pay in a particular location compares to the national average pay for the same position.
 - For example, a differential of 27% for Mountain View means that the average executive salary in Mountain View is 27% higher than the average salary of executives across the US.
- The purpose of applying a cost-of-labor differential to market data is to account for the market differences in that employee's location
 - Cost-of-labor differentials used in this study are calculated using data from the Economic Research Institute (ERI), which determines differentials using salary survey data from across the country. The differential in the Bay Area has been increasing over the past decade, with that increase accelerating over the past three to five years.

Table 20: Cost-of-Labor Differential Data

| | Bay Area | Silicon Valley | Mountain View | San Francisco |
|-------------------|----------|----------------|---------------|---------------|
| Avg. Differential | 26% | 26% | 27% | 25% |

- A cost-of-labor differential of 25% has been applied to survey data for base salary, total cash, and total remuneration in this study.

ATTACHMENT 15

EXECUTIVE COMPENSATION COMMITTEE

PACING PLAN FOR FY 2017

Revised September 12, 2016

| FY2017 Q1 | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JULY | AUGUST | SEPTEMBER 12, 2016 |
| No Board Meeting | | <p>Appointment of Vice Chair Committee to take action on:</p> <ol style="list-style-type: none"> 1. FY 16 Organizational score 2. FY 16 individual scores for CEO & exec team 3. FY 16 performance incentive payout amounts (execs and CEO) 4. Minutes from May 17, 2016 meeting 5. Revised Executive Compensation Policies 6. Executive Benefit Plan |
| FY2017 Q2 | | |
| OCTOBER | NOVEMBER 16, 2016 | DECEMBER |
| <p>Board to take action on the following items:</p> <ol style="list-style-type: none"> 1. Accept Moss Adam's financial audit 2. Approve FY 16 organizational score 3. Approve FY 16 executive individual scores 4. Approve FY 16 executive payout amounts (discuss in closed, vote in open) 5. Determine CEO's discretionary score and FY 16 individual score 6. Approve FY16 CEO payout amount (discuss in closed, vote in open) 7. Executive Benefit Plan Changes <ul style="list-style-type: none"> • Executive incentive payouts 10/28/16 | <p>Committee to take action on:</p> <ol style="list-style-type: none"> 1. Letters of Rebuttable Presumption 2. Minutes from September 15, 2016 meeting <p>Committee to Discuss :</p> <ol style="list-style-type: none"> 1. Executive Performance Appraisal Process (Include Conversation about what aspects of performance should be reflected in base pay, org goal portion of incentive, individual incentive and discretionary incentive) 2. Possible Charter Revision to add Board Director Compensation (Pace this for the Board to confirm referral of this topic to the ECC) 3. Confirm Ongoing Committee Participation <p>Committee to Receive:</p> <ol style="list-style-type: none"> 1. Report on Executive Benefits | <p>No Board Meeting</p> <ul style="list-style-type: none"> • Mitch Olejko prepares cover letter for rebuttable presumption action |

| FY2017 Q3 | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JANUARY | FEBRUARY | MARCH 23, 2017 |
| <p>Board to take action on the following items:</p> <ol style="list-style-type: none"> 1. Accept Letter of Rebuttable Presumption <ul style="list-style-type: none"> • Beginning of benefit /executive benefit plan year | | <p>Committee to take action on:</p> <ol style="list-style-type: none"> 1. Proposed FY18 Committee Goals 2. FY 18 Meeting Dates 3. November 15, 2016 Minutes 4. Possible Charter Revision (Board Director Comp.) <p>Committee to review and discuss:</p> <ol style="list-style-type: none"> 1. Update on FY 18 Strategic Planning and progress against FY 17 performance incentive goals 2. Update on succession planning, leadership development, and talent profiles with addition of domain competencies 3. Report on Long Term Strategy |
| FY2017 Q4 | | |
| APRIL | MAY 25, 2017 | JUNE |
| <p>April 26, 2017: Semi-Annual Board & Committee Gathering</p> | <p>Committee will take action on:</p> <ol style="list-style-type: none"> 1. Finalize Committee FY 18 Pacing Plan 2. Review & may approve salary ranges for FY18 3. Review and discuss CEO's recommendations on FY 18 base salaries. May determine recommendation. 4. Review and discuss CEO's recommendations on FY 18 organizational and executive individual performance incentive goals. Determine recommendation. 5. Discuss and may determine recommendation on CEO's FY 18 base salary 6. Discuss and determine recommendation on CEO's FY 18 individual goals 7. Approval of March 23, 2017 minutes | <p>Board to take action on the following items:</p> <ol style="list-style-type: none"> 1. FY 18 organizational goals 2. FY 18 executive individual goals 3. FY 18 CEO individual goals 4. FY 18 executive base salaries 5. FY 18 CEO base salary 6. FY 18 Committee goals |