

**Minutes of the Open Session of the  
 Executive Compensation Committee  
 Wednesday, January 20, 2016, 4:30 p.m.  
 El Camino Hospital, Medical Staff Conference Room  
 2500 Grant Road, Mountain View California**

**Members Present**

Jeffrey Davis, MD  
 Lanhee Chen  
 Teri Eyre  
 Jing Liao (joined at 4:45 pm and  
 departed during the closed session)  
 Bob Miller  
 Julia Miller (joined during closed session  
 at 6:00 pm via teleconference)  
 Prasad Setty (joined at 4:38 pm)

**Members Absent**

None

**Members Excused**

None

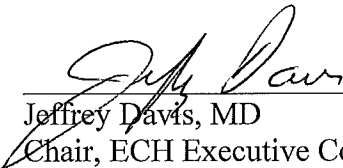
<b>Agenda Item</b>	<b>Comments/Discussion</b>	<b>Approvals/Action</b>
<b>1. CALL TO ORDER</b> Committee Chair	Committee Chair Jeff Davis called the Executive Compensation Committee of El Camino Hospital to order at 4:35 pm.	
<b>2. ROLL CALL</b>	Silent roll call was taken. All Committee members except Jing Liao, Prasad Setty and Julia Miller were in attendance.	
<b>3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair Davis asked if any Committee member may have a conflict of interest with any of the items on the agenda. No conflict of interest was reported.	
<b>4. PUBLIC COMMUNICATION</b>	None.	
<b>5. CONSENT CALENDAR</b>	<b>Motion:</b> To approve the Minutes of the November 17, 2015 Executive Compensation Committee meeting. <b>Movant:</b> B. Miller <b>Second:</b> Eyre <b>Ayes:</b> Chen, Davis, Eyre, B. Miller <b>Noes:</b> None <b>Abstain:</b> None <b>Absent:</b> Liao, J. Miller, Setty	<b><i>Consent Calendar Approved</i></b>

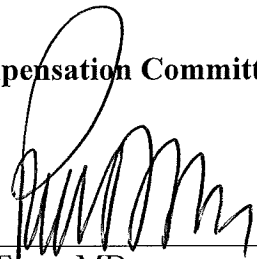
	<b>Recused:</b> None	
<b>6. EXECUTIVE INCENTIVE GOAL SETTING PHILOSOPHY</b>	<p>Andrew Lewis of Sullivan Cotter directed the Committee's to the presentation materials and suggested that the most critical factor for the Committee to consider is whether it has asked the right questions about the performance measures that it is contemplating putting into an incentive plan. He also suggested that the Committee should spend some time considering individual vs. group goals.</p> <p>Chair Davis commented that the purpose of this agenda item was for the Committee to have a high level philosophical discussion to reach consensus about the goal setting. Kathryn Fisk, CHRO, commented that the Board has questions about the weight of organizational vs. individual goals and whether organizational goals that a particular executive has responsibility for should also be reflected in that executive's individual goals.</p> <p>Mr. Lewis reported that the rapidly growing trend in healthcare is to assess the CEO and his/her direct reports against institutional goals only. He reported this is particularly true in almost all very large multi-state health systems and in about 50% of hospitals the size of ECH. He also reported that organizations are typically using 4-6 organizational goals all weighted equally.</p> <p>The Committee discussed their views on balancing the use of organizational vs. individual goals. Mr. Miller suggested that it is important for the goals to reflect areas that each executive can actually impact so that it directs effort. Ms. Eyre stated that she is inclined to have shared goals for the top level executives and that accountabilities should be divided at the next level. In response to questions, Mr. Lewis reported that some organizations use gateway goals for accreditation and/or financial performance and some may use a quality measure as a gateway goal if the organizations is really striving to improve in a specific area.</p> <p>Chair Davis requested that the staff take two kinds of plans (1) the simplification, team, all executives have the same kinds of goals as opposed to (2) more individual accountability and bring back two specific proposal for the Committee to consider. He suggested that the committee discuss the two proposals and then have the</p>	

	<p>same discussion at a joint meeting with the Board.</p> <p>Mr. Miller commented that he would be comfortable with the CEO at 100% organizational goals and the next level with 3-5 simplified individual goals. Mr. Setty commented that it's important for the executive team to consider whether it's more critical for the team to focus on cohesion building or performance.</p> <p>Chair Davis also requested that the topics of (1) the % of the variable portion of executive compensation and (2) Long Term Incentives be agendized for the next meeting. The Committee also recommended that the CEO discuss these issues with the executive team prior to the next meeting.</p>	
<p><b>7. ADJOURN TO              CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 5:18 pm.  <b>Movant:</b> B. Miller  <b>Second:</b> Setty  <b>Ayes:</b> Chen, Davis, Eyre, Liao, B. Miller, Setty  <b>Noes:</b> None  <b>Abstain:</b> None  <b>Absent:</b> J. Miller</p>	
<p><b>8. AGENDA ITEM 12 –              RECONVENE OPEN              SESSION / REPORT              OUT</b></p>	<p>Open Session was reconvened at 8:12 pm. The Closed Session Minutes of November 17, 2016 were approved by a vote of six members in favor (Chen, Davis, Eyre, Liao, Bob Miller, Setty), one member absent (J. Miller).</p> <p>Ms. Liao had left the meeting during the closed session.</p>	
<p><b>9. AGENDA ITEM 13 –              EXECUTIVE              COMPENSATION              CONSULTANT              SELECTION</b></p>	<p><b>Motion:</b> To engage Mercer, LLC as executive compensation consultant and to instruct staff to determine timing and contract details that will promote an efficient and smooth transition.  <b>Movant:</b> B. Miller  <b>Second:</b> Chen  <b>Ayes:</b> Chen, Davis, Eyre, B. Miller, J. Miller, Setty  <b>Noes:</b> None  <b>Abstain:</b> None  <b>Absent:</b> Liao</p>	
<p><b>10. AGENDA ITEM 14 –              FY1Y6              COMMITTEE              GOALS AND              PACING PLAN</b></p>	<p>Cindy Murphy, Board Liaison, reported that staff would like direction regarding what information the Committee would like brought forward to complete Committee Goal #3: "Evaluate the effectiveness of the executive performance review process and the annual/biannual cycle that includes self-assessment, stakeholder feedback, talent profiling, and executive leadership development."</p>	

	Julie Johnston, Director, Total Rewards, suggested that in the process of their initial interviews with key stakeholders, the new consulting firm gather information about perceptions of the current process. Mr. Miller suggested they also inquire about perceptions of the incentive plan.	
<b>11. AGENDA ITEM 15 – CLOSING COMMENTS</b>	None.	
<b>12. AGENDA ITEM 16 - ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 8:15 pm <b>Movant:</b> B. Miller <b>Second:</b> Chen <b>Ayes:</b> Chen, Davis, Eyre, B. Miller, J. Miller, Setty <b>Noes:</b> None <b>Abstain:</b> None <b>Absent:</b> Liao	

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

  
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Jeffrey Davis, MD  
Chair, ECH Executive Compensation  
Committee

  
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Peter C. Fung, MD  
ECH Board Secretary

Prepared by: Cindy Murphy, Board Liaison