El Camino Hospital®
THE HOSPITAL OF SILICON VALLEY

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, Chair
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	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. **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. **Movant:** B. Miller **Second:** J. Miller **Ayes:** Chen, Liao, B. Miller, J. Miller, Setty **Noes:** None **Abstentions:** None **Absent:** Eyre **Recused:** None	***Consent calendar approved***
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 75th percentile. Mr. Pollack	

	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. 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. 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. 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.	
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	**Motion:** To adjourn to closed session at 4:40 pm. **Movant:** B. Miller **Second:** J. Miller **Ayes:** Chen, Liao, B. Miller, J. Miller, Setty **Noes:** None **Abstentions:** None **Absent:** Eyre **Recused:** None	***Adjourned to closed session at 4:40pm.***
10. AGENDA ITEM 17: RECONVENE OPEN SESSION/REPORT ON BOARD ACTIONS	Open Session was reconvened at 5:30 pm. 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).	

11. AGENDA ITEM 18: FY17 PACING PLAN	Chair Chen and the Committee Members requested that the following changes be made to the Pacing Plan: 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	***Meeting adjourned at 5:41 pm.***

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