

**Minutes of the Open Session of the
Executive Compensation Committee
Wednesday, November 16, 2016**

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

Members Present

Lanhee Chen, Chair
Teri Eyre
Bob Miller, Vice Chair
Julia Miller

Members Absent

Jing Liao

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 4:02 pm by Chair Chen. A silent roll call was taken. Ms. Liao 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 September 12, 2016.</p> <p>Movant: B. Miller Second: J. Miller Ayes: Chen, Eyre, B. Miller, J. Miller Noes: None Abstentions: None Absent: Liao Recused: None</p>	<i>Consent calendar approved</i>
5. REPORT ON BOARD ACTIONS	<p>Chair Chen reported on actions taken by the Board since the last Committee meeting; he highlighted that the Board approved the Committee's recommendations regarding FY16 Performance Incentive Payouts, FY17 Executive Base Salaries, and FY17 Executive Salary Ranges.</p> <p>Chair Chen introduced Don Sibery, Interim CEO.</p> <p>The Committee discussed whether or not the Executive Compensation approval process could be streamlined including 1) overarching philosophical decisions (e.g., 25% geographic differential); 2) Board interest in detailed discussion; 3) deference to the Committee's recommendations; and 4) political concerns for publically elected Board members.</p> <p>The Committee discussed the advisory nature of the Committees and</p>	

	how governance/strategy of the Hospital may affect the role of the Committees.	
6. LETTERS OF REBUTTABLE PRESUMPTION	<p>Stephen Pollack of Mercer, LLC presented the draft Letter of Rebuttable Presumption to the Committee, explaining that the final draft will incorporate minor clarifications and wording changes based on internal peer review. He noted that the “Basis for Opinion” section will include an additional paragraph about the CASO.</p> <p>In response to Mr. Miller’s question, Mr. Pollack clarified that difference between TCC (total cash compensation) and TDC (total direct compensation) is long-term incentives. He noted that the larger an organization is, the more likely they are to have an LTIP (long term incentive plan).</p> <p>In response to Ms. Eyre’s question, Mr. Pollack explained that ECH has a lower base, higher variable components, and competitive benefits compared to the market.</p> <p>Mr. Pollack and Heidi O’Brien, also of Mercer, LLC, clarified that market data are based on actual payouts, not design, which on average is close to target for most organizations.</p> <p>In response to the Committee’s questions, Mr. Sibery reported that filling the Chief Strategy Officer position is an open question.</p> <p>Motion: To approve letters of rebuttable presumption, with the revisions specified by Mercer.</p> <p>Movant: B. Miller Second: Eyre Ayes: Chen, Eyre, B. Miller, J. Miller Noes: None Abstentions: None Absent: Liao Recused: None</p>	<i>Letters of Rebuttable Presumption approved</i>
7. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 4:18 pm.</p> <p>Movant: B. Miller Second: Eyre Ayes: Chen, Eyre, B. Miller, J. Miller Noes: None Abstentions: None Absent: Liao Recused: None</p>	<i>Adjourned to closed session at 4:18pm.</i>
8. AGENDA ITEM 13: RECONVENE OPEN SESSION/REPORT ON BOARD ACTIONS	<p>Open Session was reconvened at 5:32 pm.</p> <p>During the closed session, the Committee approved the Minutes of the Closed Session of the Executive Compensation Committee Meeting of September 12, 2016, by a vote in favor of 4 members present (Chen, Eyre, B. Miller, J. Miller) and one absent (Liao).</p>	
9. AGENDA ITEM 14: COMMITTEE RECRUITMENT	<p>Chair Chen reported that Mr. Prasad Setty had resigned from the Committee. Chair Chen suggested that he facilitate recruitment for an additional Committee member and asked the Committee and Mercer to email any candidate recommendations to him. He noted that, ideally, the Committee could interview potential finalists at the March 23, 2017 meeting. Ms. Miller also suggested advertising the</p>	<i>Informal recruitment initiated</i>

	vacancy through local print media and LinkedIn.	
10. AGENDA ITEM 15: FY17 PACING PLAN	<p>The next Executive Compensation Committee meeting will be on March 23, 2017.</p> <p>The Committee discussed the consideration of Board Director compensation and where best to initiate the conversation (District Board, Hospital Board, and/or Governance Committee). Mr. Miller explained that he had raised the question, as other Executive Compensation committees also consider Board Director compensation. Staff will follow up with Cindy Murphy, Board Liaison about the proper procedure for pacing and discussing this topic. The Committee requested that the topic be tentatively paced for the March meeting, pending determination of the appropriate venue for discussion.</p>	<i>Board Director compensation added to March meeting; no additional changes to pacing plan</i>
11. AGENDA ITEM 16: CLOSING COMMENTS	There were no additional comments.	
12. AGENDA ITEM 17: ADJOURNMENT	<p>Motion: To adjourn at 5:38 pm.</p> <p>Movant: B. Miller</p> <p>Second: Eyre</p> <p>Ayes: Chen, Eyre, B. Miller, J. Miller</p> <p>Noes: None</p> <p>Abstentions: None</p> <p>Absent: Liao</p> <p>Recused: None</p>	<i>Meeting adjourned at 5:38 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: Sarah Rosenberg, Board Services Coordinator