

AGENDA
EXECUTIVE COMPENSATION COMMITTEE MEETING
OF THE EL CAMINO HOSPITAL BOARD
Thursday, February 16, 2017 – 3:00 pm
Conference Room A (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		3:00 – 3:02 pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Lanhee Chen, Chair		3:02 – 3:03
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		information 3:03 – 3:06
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 (November 16, 2016)	Lanhee Chen, Chair	<i>public comment</i>	motion required 3:06 – 3:07
5. ADJOURN TO CLOSED SESSION	Lanhee Chen, Chair		motion required 3:07 – 3:08
6. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Lanhee Chen, Chair		3:08 – 3:09
7. 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 (November 16, 2016)	Lanhee Chen, Chair		motion required 3:09 – 3:10
8. Report involving Gov’t Code Sections 54957 and 54957.6 for report and discussion on personnel matters: - FY17 Executive Incentive Goals a. Revised FY17 VP of Corporate & Community Health & President, CONCERN:EAP Goals b. FY17 Chief Medical Officer Goals	Donald Sibery, Interim CEO		possible motion(s) 3:10 – 3:25

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
9. Report involving <i>Gov't Code Sections 54957</i> and <i>54957.6</i> for report and discussion on personnel matters: - Committee Candidate Interviews	Lanhee Chen, Chair		discussion 3:25 – 4:20
10. ADJOURN TO OPEN SESSION	Lanhee Chen, Chair		motion required 4:20 – 4:21
11. RECONVENE OPEN SESSION / REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	Lanhee Chen, Chair		4:21 – 4:22
12. COMMITTEE RECRUITMENT	Lanhee Chen, Chair	<i>public comment</i>	possible motion 4:22 – 4:24
13. FY17 PACING PLAN <u>ATTACHMENT 13</u>	Lanhee Chen, Chair	<i>public comment</i>	possible motion 4:24 – 4:28
14. CLOSING COMMENTS	Lanhee Chen, Chair		discussion 4:28 – 4:29
15. ADJOURNMENT	Lanhee Chen, Chair		motion required 4:29 – 4:30

Upcoming Meetings

- March 23, 2017
- May 25, 2017

**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

EXECUTIVE COMPENSATION COMMITTEE
PACING PLAN FOR FY17
(Revised January 31, 2017)

FY2017 Q1		
JULY	AUGUST	SEPTEMBER 12, 2016
<p>No Board Meeting</p>		<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 <p>Committee to receive:</p> <ol style="list-style-type: none"> 1.
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) 3-2 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 12, 2017	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 	<ol style="list-style-type: none"> 1. <u>Committee Member candidate interviews</u> 2. <u>Proposed Revision to the VP, Corporate & Community Health; President, CONCERN:EAP Individual Exec Goal</u> 3. <u>Chief Medical Officer Individual Exec Goal</u> 	<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 16, 2016 Minutes <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 <p><u>Report on Long Term Strategy</u></p> <ol style="list-style-type: none"> 3. <u>Executive Benefit Design changes</u> 3.4. <u>Committee Member Candidate Interview</u>
FY2017 Q4		
APRIL	MAY 23, 2017	JUNE
<p>Semi-Annual Board and Committee Gathering April 26, 2017</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