



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

**Thursday, May 24, 2018**

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

**Conference Room A (administration)**

**Members Present**

**Teri Eyre**  
**Jaison Layney**  
**Julie Kliger**  
**Bob Miller, Chair**  
**Julia E. Miller**

**Members Absent**

**Neysa Fligor**  
**Pat Wadors**

<b>Agenda Item</b>	<b>Comments/Discussion</b>	<b>Approvals/ Action</b>
<b>1. CALL TO ORDER/ ROLL CALL</b>	The open session meeting of the Executive Compensation Committee of El Camino Hospital (the "Committee") was called to order at 3:30pm by Chair Bob Miller. A silent roll call was taken. Ms. Neysa Fligor and Ms. Pat Wadors were absent. All other Committee members were present at roll call.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair B. Miller asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were noted.	
<b>3. PUBLIC COMMUNICATION</b>	None.	
<b>4. CONSENT CALENDAR</b>	<p>Chair B. Miller 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><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Executive Compensation Committee Meeting (March 22, 2018), and for information: Progress Against FY18 Committee Goals, Article of Interest, and Report on Educational Activity.</p> <p><b>Movant:</b> Eyre <b>Second:</b> Kliger <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller, J. Miller <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Fligor, Wadors <b>Recused:</b> None</p>	<b><i>Consent calendar approved</i></b>
<b>5. REPORT ON BOARD ACTIONS</b>	<p>Chair B. Miller reported that the Board approved the Delegation of Authority to the Committee.</p> <p>Cindy Murphy, Director of Governance Services, referred to the recent Board actions as further detailed in the packet, highlighting the Hospital Board's approval of a Resolution related to the winding up and dissolution of Pathways Continuous Care (Private Duty Services) and the three open seats on the District Board in the upcoming November election.</p>	
<b>6. PROCESS FOR ANNUAL CEO PERFORMANCE EVALUATION</b>	<p>Stephen Pollack from Mercer introduced his colleague, Bruce Barge. Mr. Barge shared his findings regarding the CEO performance evaluation process, as detailed in the materials, including:</p> <ol style="list-style-type: none"> <li><b>External market practices:</b> strategic focus, including emphasis on someone who can manage transformation and the importance of alignment between the Board and CEO</li> </ol>	<b><i>CEO Stakeholder interview topic review to be paced in FY19</i></b>

2. **Stakeholder interviews:** Mr. Barge met with key stakeholders to gain input on future design focusing on three topics: CEO success requirements, performance evaluation content and process, and sponsorship and execution.

Chair B. Miller mentioned the need for assessing “soft skills” as well as leadership from strategic and operational perspectives and change management. Ms. Eyre commented that managing transformation is inherently contentious, and encouraged focus on a narrow set of stakeholders.

Mr. Barge noted that next steps include fleshing out tools for the process (360 survey, employee satisfaction, formalizing what information is used for development versus evaluation).

Chair B. Miller clarified that the Committee does not determine CEO rewards based on evaluation outcomes, nor does the Committee evaluate the CEO’s performance.

Mr. Barge reported that the stakeholders interviewed agreed that the process should include 1) an active Board Chair, 2) a CEO-prepared self-assessment, and 3) culmination in a year-end discussion with the full Board.

The Committee discussed how CEO evaluations were conducted historically and potential processes for compiling feedback. The Committee suggested that the Board Chair or a third party like Mercer rather than an ECH staff member collect Board member feedback and the CEO’s self-evaluation.

Cheryl Reinking, RN, CNO and Mark Adams, MD, Interim CMO joined the meeting. Mr. Barge outlined the proposed timeline: initially setting goals, quarterly check-ins with the Board Chair and CEO, and mid-year and year-end updates from Board Chair to the full Board.

Mitch Olejko, outside counsel from Buchalter, joined the meeting via teleconference.

Mr. Barge also described Mercer’s recommendation for which stakeholders to include in the process: 2019 – Board and Executive Team (two critical relationships to monitor, manageable group size); and 2020 – physicians (integral to the success of ECH, allowing time to determine logistics).

Ms. Kliger suggested that feedback from employees at all levels of the organization be incorporated. The Committee discussed using this information for developmental purposes.

The Committee, staff, and Mercer discussed the inclusion of ECH staff at different levels of the organization, community Committee members, and physicians in the evaluation process, noting that important factors include: 1) knowledge about the CEO’s day-to-day performance; and 2) shared accountability. The Committee and Mr. Barge noted that stakeholder perception can be used as a developmental or feedback mechanism or a more formal evaluation metric. Ms. Kliger suggested including physician feedback for development purposes in 2019 due to the emphasis on physician alignment in the strategic plan. Chair B. Miller commented that while he agreed with the proposed quarterly schedule for more formal check-ins between the Board Chair and the CEO, developmental feedback should be provided continuously.

Ms. J. Miller requested that the District Board Chair be included in any process. The Committee discussed how this evaluation process would be led by the Hospital Board Chair with input from the District Board Chair and all


	<p>Board members.</p> <p>Mr. Barge noted that Mercer will incorporate the Committee’s feedback, revise the recommendations, and work with the Board Chair and staff to prepare the tools and process. Chair B. Miller requested that the outline of interview topics be brought to the Committee for review.</p> <p>Mr. Barge left the meeting.</p>	
<p><b>7. DRAFT REVISED EXECUTIVE COMPENSATION POLICIES AND CHARTER</b></p>	<p>The Committee discussed edits to the policies, including:</p> <p><u>Policy 3.01: Executive Compensation Philosophy</u></p> <ul style="list-style-type: none"> <li>- Removing reference to 1) the specific 25% geographic differential and 2) the term “cost-of-labor.”</li> <li>- Rephrasing to note that the El Camino Hospital Median “reflects the median base pay of comparable hospitals plus the geographic differential <b>for all positions</b>”</li> </ul> <p><u>Policy 3.02: Executive Base Salary Administration</u></p> <ul style="list-style-type: none"> <li>- Removing the word “can” from Section D (General Provisions), (2, Placement in the Salary Range)(d)</li> </ul> <p>The Committee discussed including the Resolution and approved ECC Procedures in the policies. Mr. Olejko advised that there be references to the resolution and procedures and that the source documents be attached to the policies to capture the full delegation.</p> <p><b>Motion:</b> To recommend that 1) the Governance Committee recommend and the Board approve the Charter and 2) the Board approve Policies 3.01, 3.02, and 3.04 as revised above.</p> <p><b>Movant:</b> Eyre  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller, J. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, Wadors  <b>Recused:</b> None</p> <p>Mr. Olejko discontinued participation in the meeting.</p>	<p><i>Draft Revised Policies and Charter recommended for approval</i></p>
<p><b>8. FY19 ORGANIZATIONAL GOALS</b></p>	<p>Dan Woods, CEO, Ms. Reinking, Dr. Adams, and Kathryn Fisk, CHRO, provided an overview of the proposed FY19 Organizational Goals:</p> <ul style="list-style-type: none"> <li>- <b>Patient Throughput:</b> Door-to-floor, impacts staff throughout the organization (physician, maintenance, ancillary services);</li> <li>- <b>HCAHPS:</b> there are 9 domains and staff have selected 3 for focus in FY19: 1) nurse communication (listening, explanations, courtesy and respect), 2) responsiveness (attending to needs as expected), and 3) cleanliness;</li> <li>- <b>Quality Metrics:</b> Mortality and readmission, looking more broadly at all patients; and</li> <li>- <b>Employee Engagement:</b> the score is based on six key questions from Press Ganey</li> </ul> <p>Ms. Reinking, Dr. Adams, and Kathryn Fisk described the methodology for goal setting to ensure a stretch for target and maximum achievement.</p> <p>In response to Chair B. Miller’s questions, staff discussed the employee performance incentive plan tied to the organizational goals. The Committee cautioned against employee payment tied to survey scores. Julie Johnston, Director of Total Rewards, proposed and the Committee agreed to use a different measure for employees based on survey participation rather than the survey scores (which would be reserved for executives and</p>	<p><i>FY19 Organizational Goals recommended for approval</i></p>

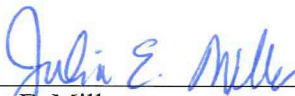
	<p>management).</p> <p>The Committee also discussed the financial threshold goal; Mr. Woods commented that management opted not to include an organizational financial variable this year.</p> <p>Ms. J. Miller left the meeting at 4:45pm.</p> <p>Chair B. Miller and the Committee requested that staff include numbers for benchmarks (<i>i.e.</i>, for a particular measure, what is the 50<sup>th</sup> percentile? 75<sup>th</sup>?) and baseline time periods to provide the Committee and the Board with a sense of how challenging it is to achieve minimum, target, or maximum for a particular goal.</p> <p><b>Motion:</b> To recommend that the Board approve the FY19 Organizational Goals, subject to additional review by the Quality and Finance Committees, with the change to employee engagement as noted above.</p> <p><b>Movant:</b> Eyre  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, J. Miller, Wadors  <b>Recused:</b> None</p> <p>Ms. Reinking and Dr. Adams left the meeting.</p>	
9. <b>ADJOURN TO CLOSED SESSION</b>	<p><b>Motion:</b> To adjourn to closed session at 4:53pm.</p> <p><b>Movant:</b> Kliger  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, J. Miller, Wadors  <b>Recused:</b> None</p>	<i>Adjourned to closed session at 4:53pm</i>
10. <b>AGENDA ITEM 20: RECONVENE OPEN SESSION/ REPORT OUT</b>	<p>Open session was reconvened at 6:45pm. Agenda items 9-19 were addressed in closed session.</p> <p>During the closed session, the Committee approved the Minutes of the Closed Session of the Executive Compensation Committee Meeting of March 22, 2018, the Proposed FY19 Individual Executive Incentive Goals, and the Proposed FY19 CHRO Incentive Goals by a unanimous vote in favor of all members present (Eyre, Layney, Kliger, B. Miller). Ms. Fligor, Ms. J. Miller, and Ms. Wadors were absent.</p>	
11. <b>AGENDA ITEM 21: PROPOSED FY19 EXECUTIVE SALARY RANGES</b>	<p><b>Motion:</b> To approve the proposed FY19 Executive Salary Ranges, with the exception of the CHRO and the CEO.</p> <p><b>Movant:</b> Eyre  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, J. Miller, Wadors  <b>Recused:</b> None</p> <p>A summary of the approved salary ranges is attached to these minutes for reference in Attachment A.</p>	<i>FY19 Executive Salary Ranges approved</i>
12. <b>AGENDA ITEM 22:</b>	<p><b>Motion:</b> To approve the proposed FY19 Executive Base Salaries, with the</p>	<i>FY19 Executive</i>

<b>PROPOSED FY19 EXECUTIVE BASE SALARIES</b>	<p>exception of CHRO and CEO.</p> <p><b>Movant:</b> Layney  <b>Second:</b> Eyre  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, J. Miller, Wadors  <b>Recused:</b> None</p> <p>A summary of the approved base salaries is attached to these minutes for reference in Attachment B.</p>	<i><b>Base Salaries approved</b></i>
<b>13. AGENDA ITEM 23: PROPOSED FY19 CHRO SALARY RANGE AND BASE SALARY</b>	<p><b>Motion:</b> To approve the proposed FY19 CHRO Salary Range and Base Salary.</p> <p><b>Movant:</b> Eyre  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, J. Miller, Wadors  <b>Recused:</b> None</p> <p>A summary of the approved salary range and base salary is attached to these minutes for reference in Attachments A and B.</p>	<i><b>FY19 CHRO Salary Range and Base Salary approved</b></i>
<b>14. AGENDA ITEM 24: PROPOSED FY19 CEO SALARY RANGE AND BASE SALARY</b>	<p><b>Motion:</b> To recommend that the Board approve FY19 CEO Salary Range and to consider the proposed Base Salary options.</p> <p><b>Movant:</b> Eyre  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, Wadors, J. Miller  <b>Recused:</b> None</p> <p>A summary of the recommended salary range is attached to these minutes for reference in Attachment C.</p>	<i><b>FY19 CEO Salary Range recommended and Base Salary options forwarded for consideration</b></i>
<b>15. AGENDA ITEM 25: FY19 COMMITTEE GOALS</b>	<p>Chair B. Miller noted that a proposed Committee goal related to executive talent development/succession planning is not reflected in the proposed Committee goals, but the topic is included on pacing plan for the Committee's March 28, 2019 meeting.</p> <p>Mr. Layney requested that Goal #3 reflect a September 2018 target to determine whether or not to conduct an RFP.</p> <p><b>Motion:</b> To recommend that the Governance Committee and the Board approve the FY19 Executive Compensation Committee goals, revised as noted above.</p> <p><b>Movant:</b> Layney  <b>Second:</b> Kliger  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, Wadors, J. Miller  <b>Recused:</b> None</p>	<i><b>FY19 ECC goals recommended for approval</b></i>

<b>16. AGENDA ITEM 26: FY19 COMMITTEE PACING PLAN</b>	<p><b>Motion:</b> To approve the FY19 Pacing Plan.</p> <p><b>Movant:</b> Kliger  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, Wadors, J. Miller  <b>Recused:</b> None</p>	<p><i><b>FY19 Pacing Plan approved</b></i></p>
<b>17. AGENDA ITEM 27: APPOINTMENT OF AD HOC COMMITTEE</b>	<p>Chair B. Miller described the formation of an Ad Hoc Committee to review and select a compensation consultant as further detailed in the packet.</p> <p><b>Motion:</b> To appoint Teri Eyre and Jaison Layney to an Ad Hoc Committee charged with making recommendation(s) regarding engaging in an RFP process.</p> <p><b>Movant:</b> Kliger  <b>Second:</b> Eyre  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, Wadors, J. Miller  <b>Recused:</b> None</p>	<p><i><b>Ad Hoc Committee appointed</b></i></p>
<b>18. AGENDA ITEM 28: CLOSING COMMENTS</b>	<p>There were no additional comments from the Committee.</p>	
<b>19. AGENDA ITEM 29: ADJOURNMENT</b>	<p><b>Motion:</b> To adjourn at 6:52pm.</p> <p><b>Movant:</b> Kliger  <b>Second:</b> Layney  <b>Ayes:</b> Eyre, Layney, Kliger, B. Miller  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, Wadors, J. Miller  <b>Recused:</b> None</p>	<p><i><b>Meeting adjourned at 6:52pm</b></i></p>

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

  
 Bob Miller  
 Chair, Executive Compensation Committee

  
 Julia E. Miller  
 Secretary, ECH Board of Directors

Prepared by: Sarah Rosenberg, Contracts & Board Services Coordinator

**Attachment A**  
**El Camino Hospital FY19 Executive Salary Ranges**  
*Approved by the Executive Compensation Committee*  
**May 24, 2018**

	<b>FY19 Salary Range</b>		
<b>Position</b>	<b>Minimum</b>	<b>Midpoint*</b>	<b>Maximum</b>
Chief Operating Officer ( <i>open position</i> )	\$479,200	<b>\$599,000</b>	\$718,800
Chief Financial Officer	\$481,600	<b>\$602,000</b>	\$722,400
Chief Human Resources Officer	\$301,600	<b>\$377,000</b>	\$452,400
Chief Medical Officer ( <i>open position</i> )	\$460,800	<b>\$576,000</b>	\$691,200
President, SVMD	\$354,400	<b>\$443,000</b>	\$531,600
General Counsel	\$356,800	<b>\$446,000</b>	\$535,200
Chief Information Officer	\$340,800	<b>\$426,000</b>	\$511,200
Chief Nursing Officer	\$312,800	<b>\$391,000</b>	\$469,200
Chief Strategy Officer ( <i>open position</i> )	\$305,600	<b>\$382,000</b>	\$458,400
Chief Administrative Services Officer	\$231,200	<b>\$289,000</b>	\$346,800
VP Corporate & Community Health Svcs.; President, CONCERN:EAP	\$243,200	<b>\$304,000</b>	\$364,800
President, ECH Foundation	\$222,400	<b>\$278,000</b>	\$333,600
Vice President, Payor Relations	\$202,400	<b>\$253,000</b>	\$303,600

**Attachment B**  
**El Camino Hospital FY19 Executive Base Salaries**  
**Approved by the Executive Compensation Committee**  
**May 24, 2018**

<b>Position</b>	<b>FY19 Base Salary</b>
Chief Financial Officer	\$494,400
General Counsel	\$392,700
Chief Human Resources Officer	\$351,230
Chief Information Officer	\$360,500
VP Corporate & Community Health Svcs.; President, CONCERN:EAP	\$267,280
Chief Nursing Officer	\$354,040
President, ECH Foundation	\$259,560
Chief Administrative Services Officer	\$303,113
President, SVMD	\$507,500
VP, Payor Relations	\$272,950

**Attachment C**  
**El Camino Hospital Proposed FY19 CEO Salary Range**  
Recommend for Board Approval  
by the Executive Compensation Committee  
**May 24, 2018**

	<b>FY19 Salary Range</b>		
<b>Position</b>	<b>Minimum</b>	<b>Midpoint</b>	<b>Maximum</b>
Chief Executive Officer	\$876,000	<b>\$1,095,000</b>	\$1,314,000