



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

**Thursday, September 20, 2018**

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

**Conference Room A (administration)**

**Members Present**

**Teri Eyre**  
**Neysa Fligor**  
**Jaison Layney**  
**Julie Kliger**  
**Bob Miller, Chair**  
**Pat Wadors**  
**John Zoglin**

**Members Absent**

**None**

<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 3:58pm by Chair Bob Miller. A silent roll call was taken. All Committee members were present. Ms. Fligor arrived at 4:01pm during Agenda Item 5: Report on Board Actions. Mr. Zoglin arrived at 4:16pm during Agenda Item 7: Ad Hoc Committee Report.	
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Chair 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 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 (May 24, 2018), and for information: Article of Interest.</p> <p><b>Movant:</b> Eyre  <b>Second:</b> Wadors  <b>Ayes:</b> Eyre, Layney, Kliger, Miller, Wadors  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Fligor, Zoglin  <b>Recused:</b> None</p>	<b><i>Consent calendar approved</i></b>
<b>5. REPORT ON BOARD ACTIONS</b>	<p>Chair Miller reported that the Board approved the Revised Executive Compensation Policies and Committee Charter in accordance with the Delegation of Authority to the Committee. He also reported that the Board approved the FY19 CMO Base Salary and FY19 CEO Salary Range and Base Salary.</p> <p>In response to Ms. Eyre’s question, Mr. Woods noted that the executive salary ranges are appropriate and allow ECH to attract the type of talent that the organization needs.</p>	
<b>6. FY18 ORGANIZATIONAL SCORE</b>	<p>Dan Woods, CEO, described the organizational goal score as further detailed in the packet:</p> <ul style="list-style-type: none"> <li>- Average LOS: 1.08</li> </ul>	

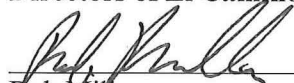
	<ul style="list-style-type: none"> <li>- Patient Experience (Rate the Hospital): 78.7%</li> <li>- Standardized Infection Ratio (CAUTI, CLABSI, C. Diff): Mr. Woods noted 1) the difficulty in measuring this goal, 2) improvement for all three infection rates, and 3) that the achievement for one of the three infection rates carried the overall achievement of this goal.</li> </ul> <p>Chair Miller noted ECH organizational scores date back to 2010. The Committee discussed the use of historical scores to evaluate how the incentive plan is performing.</p> <p>The Committee and Julie Johnston, Director of Total Rewards, discussed goal scoring, noting that maximum achievement on goal scores for both the organization and individual executives is 100%.</p>	
7. <b>AD HOC COMMITTEE REPORT</b>	<p>Ms. Eyre and Mr. Layney described the Ad Hoc Committee's process to review Mercer's engagement. Ms. Eyre thanked Mercer for their work and reported that Mercer is meeting and exceeding expectations. The Ad Hoc Committee recommended extending Mercer's contract through December 2020.</p> <p>In response to Ms. Fligor's question, Ms. Eyre noted that there are opportunities for continued improvement in the workflow between ECH and Mercer. The Ad Hoc Committee recommended that the involved parties meet and clearly map out workflows (for all points of origin for work) and set clear expectations about materials and their due dates.</p> <p>In response to Ms. Kliger's question, the Committee discussed RFPs conducted historically and best practices for exploring other compensation consultants in the market every three years. Ms. Wadors suggested that ECH conduct an annual performance evaluation with Mercer and use a dashboard to manage and evaluate work. The Committee discussed the compensation consultant market, including 1) players in the market, 2) the importance of access to sufficient market data, and 3) experience in and knowledge of healthcare.</p> <p><b>Motion:</b> To authorize Kathryn Fisk, CHRO, to take action on behalf of the Committee and extend the contract with Mercer through December 2020.</p> <p><b>Movant:</b> Wadors  <b>Second:</b> Fligor  <b>Ayes:</b> Eyre, Fligor, Layney, Kliger, Miller, Wadors, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p> <p>Mr. Miller thanked the Ad Hoc Committee for their work. Mr. Pollack thanked the Committee for its continued confidence in Mercer.</p> <p>The Committee requested that a discussion regarding annual review for Mercer be paced for its November meeting. The Committee also requested that Mercer provide samples of a consultant performance dashboard so the Committee can select metrics to use in evaluating support levels.</p>	<i><b>Mercer engagement extension authorized; evaluation dashboard to be discussed at the November meeting</b></i>
8. <b>FY18 CEO EVALUATION PROCESS REVIEW</b>	<p>Chair Miller described the development of the FY18 CEO Evaluation Process facilitated by Mercer, including the development a questionnaire and the consolidation of Hospital and District Board processes.</p> <p>He commended Mercer for their work and solicited feedback from the Board members on the Committee. The participants expressed their comfort with</p>	

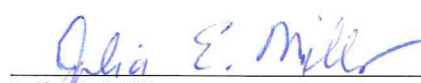


	<p>the process and its efficiency.</p> <p>Bruce Barge from Mercer joined the meeting via teleconference.</p> <p>Mr. Barge noted that considerations for the FY19 process can include: 1) whether or not to use metrics and/or a dashboard; and 2) conducting a 180 review related to the CEO's working relationship with the Senior Leadership team to enhance feedback and overall collaboration.</p> <p>Chair Miller noted that a discussion regarding the FY19 process is paced for the Committee's November meeting.</p> <p>Mr. Barge discontinued participation in the meeting.</p>	
<p><b>9. EXECUTIVE BENEFIT PLAN POLICY</b></p>	<p>Kathryn Fisk, CHRO, described the proposed policy changes as further detailed in the packet, including:</p> <ol style="list-style-type: none"> <li>1. Eligibility for health and welfare plan: from the first of the month 30 days/on after hire to the first of the month after the date of hire. Ms. Fisk noted recruitment has been challenging under the current policy. This proposed change is intended to align the policies for executives and employees.</li> <li>2. Guaranteed issue amount and the maximum cap on life insurance: This proposed change is intended to match market practice and to carry out the intent of the policy (3x salary).</li> </ol> <p><b>Motion:</b> To recommend that the Board approve the proposed policy changes.</p> <p><b>Movant:</b> Layney  <b>Second:</b> Eyre  <b>Ayes:</b> Eyre, Fligor, Layney, Kliger, Miller, Wadors, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Executive Benefit Plan policy</i></p>
<p><b>10. ADJOURN TO CLOSED SESSION</b></p>	<p><b>Motion:</b> To adjourn to closed session at 4:44pm.</p> <p><b>Movant:</b> Fligor  <b>Second:</b> Kliger  <b>Ayes:</b> Eyre, Fligor, Layney, Kliger, Miller, Wadors, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> None  <b>Recused:</b> None</p>	<p><i>Adjourned to closed session at 4:44pm</i></p>
<p><b>11. AGENDA ITEM 20: RECONVENE OPEN SESSION/ REPORT OUT</b></p>	<p>Open session was reconvened at 5:32pm. Agenda items 11-19 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 (May 24, 2018), the Proposed FY19 CMO Incentive Goals, the FY18 Individual Executive Incentive Goal Scores, and the FY18 CHRO Incentive Goal Score by a unanimous vote in favor of all members present (Eyre, Fligor, Layney, Kliger, Miller, Wadors, Zoglin).</p>	
<p><b>12. AGENDA ITEM 21: FY19 COO BASE SALARY</b></p>	<p><b>Motion:</b> To approve the proposed FY19 COO Base Salary of \$550,000.</p> <p><b>Movant:</b> Layney  <b>Second:</b> Kliger  <b>Ayes:</b> Eyre, Fligor, Layney, Kliger, Miller, Wadors, Zoglin  <b>Noes:</b> None</p>	<p><i>FY19 COO Base Salary approved</i></p>

	<b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None																					
<b>13. AGENDA ITEM 22: FY18 INDIVIDUAL EXECUTIVE INCENTIVE PAYOUT AMOUNTS</b>	<b>Motion:</b> To approve the proposed FY18 Individual Executive Incentive Payout Amounts as follows: <table><tr><th>Position</th><th>Payout</th></tr><tr><td>President, Foundation</td><td>\$57,144</td></tr><tr><td>VP, Corporate &amp; Community Health Services</td><td>\$74,992</td></tr><tr><td>Chief Financial Officer</td><td>\$135,637</td></tr><tr><td>Chief Human Resources Officer</td><td>\$99,029</td></tr><tr><td>VP, Payor Relations</td><td>\$76,138</td></tr><tr><td>Chief Administrative Services Officer</td><td>\$72,803</td></tr><tr><td>Chief Information Officer</td><td>\$64,026</td></tr><tr><td>Chief Nursing Officer</td><td>\$85,709</td></tr><tr><td>General Counsel</td><td>\$103,425</td></tr></table> <b>Movant:</b> Fligor <b>Second:</b> Kliger <b>Ayes:</b> Eyre, Fligor, Layney, Kliger, Miller, Wadors, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	Position	Payout	President, Foundation	\$57,144	VP, Corporate & Community Health Services	\$74,992	Chief Financial Officer	\$135,637	Chief Human Resources Officer	\$99,029	VP, Payor Relations	\$76,138	Chief Administrative Services Officer	\$72,803	Chief Information Officer	\$64,026	Chief Nursing Officer	\$85,709	General Counsel	\$103,425	<b><i>FY18 Individual Executive Incentive Payouts approved</i></b>
Position	Payout																					
President, Foundation	\$57,144																					
VP, Corporate & Community Health Services	\$74,992																					
Chief Financial Officer	\$135,637																					
Chief Human Resources Officer	\$99,029																					
VP, Payor Relations	\$76,138																					
Chief Administrative Services Officer	\$72,803																					
Chief Information Officer	\$64,026																					
Chief Nursing Officer	\$85,709																					
General Counsel	\$103,425																					
<b>14. AGENDA ITEM 23: FY19 PACING PLAN</b>	The Committee summarized the pacing requests from the meeting including discussions at the November meeting on 1) the Performance Incentive Plan structure and 2) a consultant dashboard to evaluate Mercer’s performance.																					
<b>15. AGENDA ITEM 24: CLOSING COMMENTS</b>	There were no additional comments from the Committee.																					
<b>16. AGENDA ITEM 25: ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 5:34pm. <b>Movant:</b> Eyre <b>Second:</b> Wadors <b>Ayes:</b> Eyre, Fligor, Layney, Kliger, Miller, Wadors, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> None <b>Recused:</b> None	<b><i>Meeting adjourned at 5:34pm</i></b>																				

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