

**AGENDA
EXECUTIVE COMPENSATION COMMITTEE OF THE
EL CAMINO HOSPITAL BOARD OF DIRECTORS**

Tuesday, September 24, 2024 – 4:00pm

El Camino Hospital | Sobrato Board Room 1 | 2500 Grant Road, Mountain View, CA 94040

THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION PORTION OF THE MEETING LIVE AT THE ADDRESS ABOVE OR VIA TELECONFERENCE AT:

1-669-900-9128, MEETING CODE: 957 8615 0078#. No participant code. Just press #.

To watch the meeting, please visit:

[Committee Meeting Link](#)

NOTE: In the event that there are technical problems or disruptions that prevent remote public participation, the Chair has the discretion to continue the meeting without remote public participation options, provided that no Committee member is participating in the meeting via teleconference.

A copy of the agenda for the Regular Committee 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) 988-3218** 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	ACTION	ESTIMATED TIMES
1	CALL TO ORDER/ROLL CALL	Bob Miller, Chair		4:00 pm
2	CONSIDER APPROVAL FOR AB 2449 REQUESTS	Bob Miller, Chair	Possible Motion	4:00 pm
3	POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Bob Miller, Chair	Information	4:00 pm
4	PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons to address the Committee on any matter within the subject matter jurisdiction of the Committee that is not on this agenda. Speakers are limited to three (3) minutes each.</i> b. Written Public Comments <i>Comments may be submitted by mail to the El Camino Hospital Executive Compensation Committee at 2500 Grant Avenue, Mountain View, CA 94040. Written comments will be distributed to the Board as quickly as possible. Please note it may take up to 24 hours for documents to be posted on the agenda.</i>	Bob Miller, Chair	Information	4:00 pm
5	CONSENT CALENDAR ITEMS: <i>Any Committee Member or member of the public may remove an item for discussion before a motion is made.</i> a. Approve Minutes of the Open Session of the ECC Meeting (06/06/2024) b. Receive ECC Charter c. Receive Committee Governance Policy d. Receive FY25 Committee Goals/Pacing Plan	Bob Miller, Chair	Motion Required	4:00 – 4:10
6	ECC POLICIES UPDATE a. Receive ECC Policy 3_02 – Executive Base Salary Administration b. Approve ECC Policy 3_03 - Executive Benefits Plan	Deanna Dudley, CHRO	Motion Required	4:10 – 4:15
7	RECESS TO CLOSED SESSION	Bob Miller, Chair	Motion Required	4:15 – 4:16
8	PROPOSED FY24 ORGANIZATIONAL PERFORMANCE INCENTIVE PLAN SCORE <i>Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters.</i>	Dan Woods, CEO Deanna Dudley, CHRO	Discussion	4:17 – 4:37

	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
9	PROPOSED FY24 EXECUTIVE INDIVIDUAL INCENTIVE SCORES <i>Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters.</i>	Dan Woods, CEO Deanna Dudley, CHRO	Discussion	4:37 – 4:55
10	PROPOSED FY24 PERFORMANCE INCENTIVE PLAN PAYOUTS <i>Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters.</i>	Dan Woods, CEO Deanna Dudley, CHRO	Discussion	4:55 – 5:05
11	COMPENSATION CONSULTANT ITEMS a. Executive Market Analysis b. Proposed FY25 Executive Salary Ranges <i>Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters.</i>	Heidi O'Brien, Mercer Rob Kirkpatrick, Mercer	Discussion	5:05 – 5:20
12	PROPOSED FY25 EXECUTIVE BASE SALARIES <i>Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters.</i>	Dan Woods, CEO	Motion Required	5:20 – 5:30
13	PROPOSED FY25 CEO BASE SALARY RANGE <i>Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters.</i>	Heidi O'Brien, Mercer Rob Kirkpatrick, Mercer	Discussion	5:30 – 5:40
14	PROPOSED FY25 EXECUTIVE INDIVIDUAL INCENTIVE GOALS (Goll, Klein, Lewis Taylor, & Mallur) <i>Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters.</i>	Dan Woods, CEO Deanna Dudley, CHRO	Motion Required	5:40 – 5:45
15	FY24 ANNUAL EXECUTIVE COMPENSATION CONSULTANT REVIEW – (Moved from June 2024 Meeting) <i>Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters.</i>	Bob Miller, Chair	Discussion	5:45 – 5:50
16	APPROVE MINUTES OF THE CLOSED SESSION OF THE EXECUTIVE COMPENSATION COMMITTEE - Minutes of the Closed Session of the ECC Meeting (06/06/2024) <i>Report involving Gov't Code Section 54957.2 for closed session minutes.</i>	Bob Miller, Chair	Motion Required	5:50 - 5:52
17	RECONVENE TO OPEN SESSION	Bob Miller, Chair	Motion Required	5:52
18	REPORT OUT FROM CLOSED SESSION	Gabe Fernandez, Governance Services Coordinator	Information	5:52 – 5:53
19	APPROVAL OF ITEMS DISCUSSED IN CLOSED SESSION - Recommendation to Board FY24 Organizational Performance Incentive Plan Score - Recommendation to Board FY25 CEO Base Salary Range	Bob Miller, Chair	Motion Required	5:53 – 5:55
20	CLOSING COMMENTS	Bob Miller, Chair	Discussion	5:55 – 5:59
21	ADJOURNMENT	Bob Miller, Chair	Motion Required	6:00 pm



**Minutes of the Open Session of the
Executive Compensation Committee
of the El Camino Hospital Board of Directors
Thursday, June 6, 2024**

El Camino Hospital, Sobrato Boardroom 1, 2500 Grant Road, Mountain View, CA 94040

Members Present

Bob Miller, Chair
Tom Asmar
Estrella Parker
Todd Shaw
Carol Somersille, MD
George Ting, MD, Vice-Chair

Members Absent

Mary Hassett

Others Present

Dan Woods, CEO
Deanna Dudley, CHRO
Ed Braxton, Director, Total Rewards
Tracy Fowler, Director, Governance Services
Gabriel Fernandez, Governance Services Coordinator
Heidi O'Brien, Partner, Mercer**

**via teleconference

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 " <u>Committee</u> ") was called to order at 4:00 p.m. by Chair Bob Miller. A verbal roll call was taken. Ms. Hassett was absent, and Ms. Parker was absent at roll call. A quorum was present. Ms.Parker joined the meeting at 4:03 p.m.	<i>Meeting Called to Order @ 4:00 p.m.</i>
2. CONSIDER APPROVAL FOR AB 2449 REQUESTS	All present members of the committee attended in-person. No consideration of approval for AB-2449 requests were needed.	
3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Miller asked if any of the Committee members had a conflict of interest with any of the items on the agenda. No conflicts were noted.	
4. PUBLIC COMMUNICATION	Chair Miller invited the members of the public to address the Board. No members of the public were present and there was no written communication.	
5. CONSENT CALENDAR	Chair Miller asked if any member of the Committee or the public wished to remove an item from the consent calendar for further discussion. No items were removed. Motion: To approve consent calendar Movant: Ting Second: Shaw Ayes: Asmar, Miller, Parker, Shaw, Somersille, Ting Noes: None Abstentions: None Absent: Hassett Recused: None	<i>Consent calendar approved</i>

<p>6. REPORT ON BOARD ACTIONS</p>	<p>Chair Miller gave an overview of the goal setting process that was discussed at the April board meeting. He confirmed that they had covered important concepts reviewed by the Committee with a focus on setting broader goal ranges, rather than requiring continuous annual improvement to reach the 101st percentile. The discussion successfully addressed the proposed goal-setting strategies.</p>	
<p>7. ECC POLICIES REVIEW</p>	<p>Ms. Dudley presented and sought approval for policy revisions which had been discussed and reviewed in the previous Committee meeting. Discussion included, but was not limited to, clarifications regarding severance, salary reduction, forced relocation, and office space changes. The frequency of future policy reviews was discussed and determined to be initiated when necessary, rather than on a regular schedule.</p> <p>Motion: To approve the revisions to the ECC policies Executive Compensation Philosophy, Salary Administration, Executive Benefits Plan and Incentive Plan and recommend the revisions to the ECC charter for Board approval.</p> <p><i>Executive Base Salary Administration: Delete “paying within a competitive range” in General Provision #2</i></p> <p><i>Executive Benefits Plan: Insert language for opportunity to cure in General Provisions #3,b,ii Severance.</i></p> <p>Movant: Asmar Second: Parker Ayes: Asmar, Miller, Parker, Shaw, Somersille, Ting Noes: None Abstentions: None Absent: Hassett Recused: None</p> <p>Motion: To recommend Resolution 2024-02 regarding delegation of authority for Board approval.</p> <p>Movant: Ting Second: Shaw Ayes: Asmar, Miller, Parker, Shaw, Somersille, Ting Noes: None Abstentions: None Absent: Hassett Recused: None</p>	<p>Actions: Mr. Asmar and Ms. Dudley to draft language for the opportunity to cure provision in the policies.</p> <p>ECC Policy Revisions were approved with recommended changes included in discussion.</p> <p>ECC Charter was recommended for Board approval.</p> <p>Resolution 2024-02 was recommended for Board approval.</p>
<p>8. RECESS TO CLOSED SESSION</p>	<p>Motion: To recess to closed session at 4:30 p.m.</p> <p>Movant: Ting Second: Shaw Ayes: Asmar, Miller, Parker, Shaw, Somersille, Ting Noes: None Abstentions: None Absent: Hassett Recused: None</p>	<p>Recess to closed session at 4:30 p.m.</p>
<p>9. AGENDA ITEM 15: REPORT OUT</p>	<p>The Executive Compensation Committee did not take any actions during the closed session.</p>	

<p>10. AGENDA ITEM 16: APPROVAL OF ITEMS DISCUSSED IN CLOSED SESSION</p>	<p>The Committee took the following votes on items that were presented and discussed during the closed session:</p> <p>Motion: To approve the recommendation to the Hospital Board for approval of the FY25 Organizational Performance Goals with recommendation that Quality goals will be studied for following year.</p> <p>Movant: Shaw Second: Parker Ayes: Asmar, Miller, Parker, Shaw, Somersille Noes: Ting Abstentions: None Absent: Hassett Recused: None</p> <p>Motion: To approve the FY25 Executive Individual Incentive Goals</p> <p>Movant: Parker Second: Asmar Ayes: Asmar, Miller, Parker, Shaw, Somersille, Ting Noes: None Abstentions: None Absent: Hassett Recused: None</p> <p>Motion: To approve the base salary range for the chief marketing and communications officer as discussed in closed session with midpoint rounded down.</p> <p>Movant: Parker Second: Ting Ayes: Asmar, Miller, Parker, Shaw, Somersille, Ting Noes: None Abstentions: None Absent: Hassett Recused: None</p>	<p>Actions:</p> <p><i>Proposed FY25 Organizational Performance Goals were recommended for Board approval.</i></p> <p><i>FY25 Executive Individual Incentive Goals were approved.</i></p> <p><i>Base salary range for Chief Marketing & Communications Officer approved.</i></p>
<p>11. AGENDA ITEM 17: ANNUAL EXECUTIVE COMPENSATION CONSULTANT REVIEW</p>	<p>Chair Miller asked the Committee if there was time for the remaining agenda items and proposed moving the consultant review to the next meeting.</p> <p>Motion: To amend the agenda and move agenda item 17 “Annual Executive Compensation Consultant Review” to the next meeting of the Committee.</p> <p>Movant: Parker Second: Ting Ayes: Asmar, Miller, Parker, Shaw, Somersille, Ting Noes: None Abstentions: None Absent: Hassett Recused: None</p>	<p><i>Action: Annual Executive Compensation Consultant Review agenda item will be moved to September ECC meeting.</i></p>
<p>12. AGENDA ITEM 18: CLOSING COMMENTS</p>	<p>No comments were made by the members of the Committee.</p>	

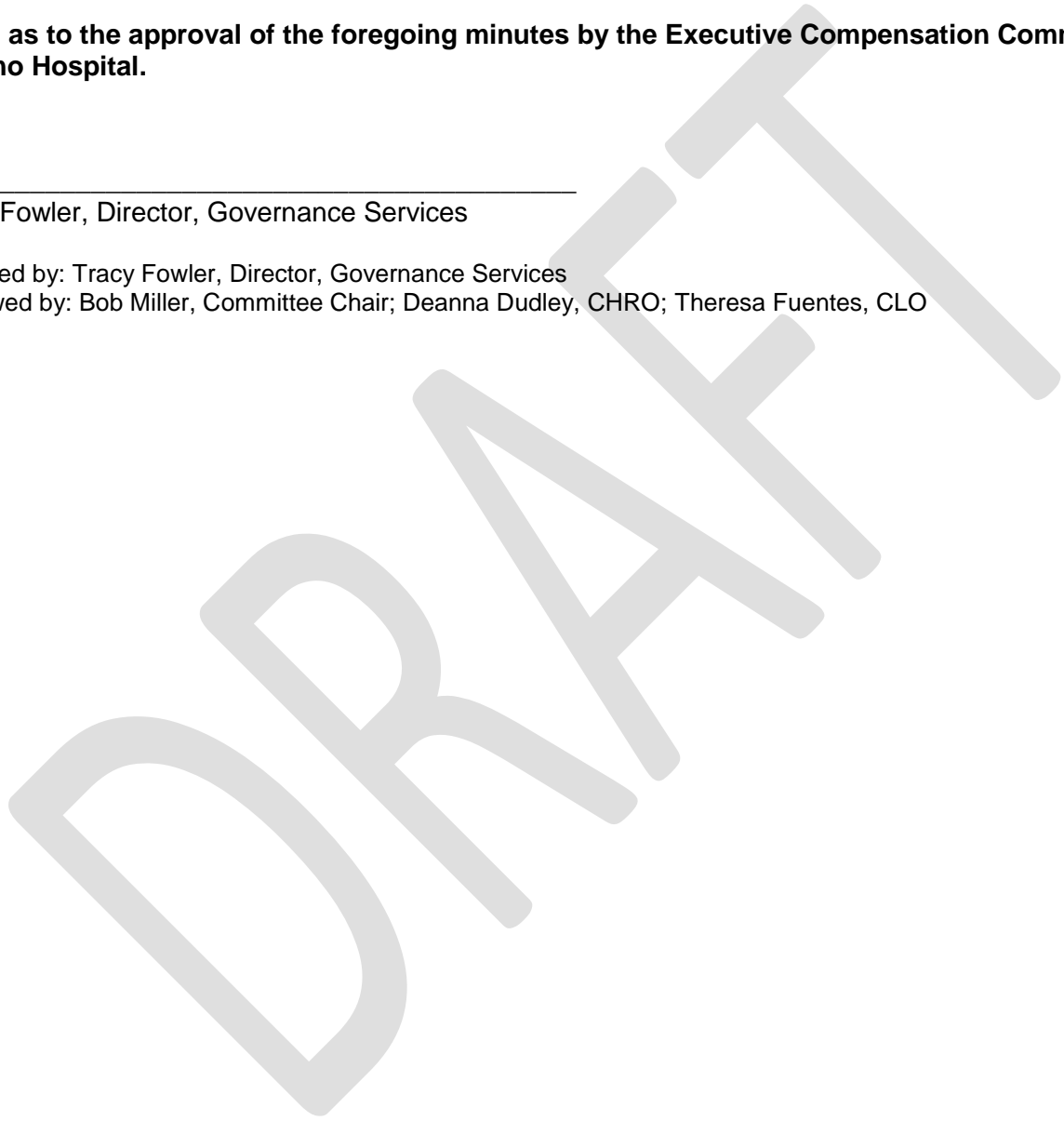
13. AGENDA ITEM 17: ADJOURNMENT	Motion: To adjourn at 6:13 p.m. Movant: Ting Second: Shaw Ayes: Asmar, Miller, Parker, Shaw, Somersille, Ting Noes: None Abstentions: None Absent: Hassett Recused: None	Meeting adjourned at 6:13 p.m.
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Attest as to the approval of the foregoing minutes by the Executive Compensation Committee of El Camino Hospital.

Tracy Fowler, Director, Governance Services

Prepared by: Tracy Fowler, Director, Governance Services

Reviewed by: Bob Miller, Committee Chair; Deanna Dudley, CHRO; Theresa Fuentes, CLO



El Camino Hospital Board of Directors Executive Compensation Committee Charter

Purpose

The purpose of the Executive Compensation Committee (“Committee”) is to assist the El Camino Hospital (“Hospital”) | Board of Directors (“Board”) in its responsibilities related to the Hospital’s executive compensation philosophy and policies. The Committee shall advise the Board to meet all applicable legal and regulatory requirements as it relates to executive compensation.

Authority

The Committee is an Advisory Committee of the Board pursuant to Article VII, Sec. 7.6 of the Hospital Bylaws. All governing authority for the Hospital resides with the Hospital Board except that which may be lawfully delegated to a specific Board committee. The Committee will report to the full Board at the next scheduled meeting any action or recommendation taken within the Committee’s authority. The Committee has the authority to select, engage and supervise a consultant to advise the Board and the Committee on executive compensation issues. In addition, the Committee, by resolution, may adopt a temporary advisory committee (ad hoc) of less than a quorum of the members of the Committee. The resolution shall state the total number of members, the number of board members to be appointed, and the specific task or assignment to be considered by the advisory committee.

Membership

- The Executive Compensation Committee shall be comprised of two (2) or more Hospital Board members. The Committee may also include 2-5 Community¹ members with knowledge of executive compensation practices, executive leadership and/or corporate human resource management.
- Executive compensation consultants will be retained as appropriate and participate as directed.
- The Chair of the Committee shall be appointed and removed pursuant to the El Camino Hospital Board Committee Governance Policy.
- All Committee members, Chairs, and Vice Chairs shall be appointed and removed in accordance with the El Camino Hospital Board Committee Governance Policy.
- All members of the Committee must be independent with no conflict of interest regarding compensation or benefits for the executives whose compensation is reviewed and recommended by the Committee. Should there be a potential conflict, the determination regarding independence shall follow the criteria approved by the Board and as per the Conflict of Interest Policy.

¹ Community Members are defined as Members of the Committee who are not El Camino Hospital Board Directors.

Staff Support and Participation

The Chief Human Resources Officer shall serve as the primary staff support to the Committee and is responsible for drafting the committee meeting agenda for the Committee Chair's consideration. The CEO, and other staff members, as appropriate, may serve as a non-voting liaison to the Committee and may attend meetings at the discretion of the Committee Chair. These individuals shall be excused when the Committee is reviewing their individual compensation.

General Responsibilities

The Committee is responsible for recommending to the full Board policies, processes and procedures related to executive compensation philosophy, operating performance against standards, executive development, and succession planning.

Specific Duties

The El Camino Hospital Board has adopted Resolution 2018-05, as may be subsequently revised by the Board, delegating certain decision-making authority to the Executive Compensation Committee. Resolution 2018-05 and any subsequent revisions controls in the case of any inconsistency between this Charter and the Resolution or attachments to the Resolution. The specific duties of the Executive Compensation Committee include the following:

A. Executive Compensation

- Develop a compensation philosophy that clearly explains the guiding principles on which executive pay decisions are based. Recommend the philosophy for approval by the Board.
- Develop executive compensation policies to be approved by the Board.
- Review and maintain an executive compensation and benefit program consistent with the executive compensation policies, which have been approved by the Board. Recommend any material changes in the program for approval by the Board.
- Review the CEO's total remuneration, and recommend to the Board any changes to the CEO's total remuneration package.
- Review the CEO's recommendations regarding salary and performance incentive payouts for the upcoming year for the executives whose compensation is subject to review by the Committee based on the CEO's evaluation of the executives' individual performance. Approve recommendations for any salary range or base salary changes and/or any performance incentive payouts within established guidelines based on the CEO's evaluation of the executives' individual performance. Recommend to the Board any salary changes and/or performance incentive payments that are outside established guidelines.
- Periodically evaluate the executive compensation program, including the charter, policies, and philosophy on which it is based, to assess its effectiveness in meeting the

Hospital's needs for recruiting, retaining, developing, and motivating qualified leaders to execute the Hospital's strategic and short term objectives.

- Review market analyses and recommendation of the Committee's independent executive compensation consultant.
- Approve salary ranges for each new executive and approve placement in the range for those executives eligible for the plan within established guidelines. Recommend a salary range to the Board for the CEO and or actions for other executives that are outside established guidelines.

B. Performance Goals Setting and Assessment

- Review and provide input into the CEO's recommendations regarding annual organization goals and measures used in the Executive Performance Incentive Plan. Recommend organizational performance incentive goals and measurements for approval by the Board.
- Provide input into the process used to evaluate the CEO's performance.
- Provide input into establishing the executive team's annual performance incentive goals to execute the Hospital's strategic plan and approve the annual goals and measures.

C. Executive Succession and Development

- The Committee Chair will review annually the CEO's own succession plan, including a leadership and professional development plan based on the previous year's talent assessment.
- The Committee Chair will review annually the CEO's succession plan for the executive team members, which shall include the process by which potential executives are identified and developed.

Committee Effectiveness

The Committee is responsible for establishing its annual goals, objectives and workplan in alignment with the Board's and Hospital's strategic goals. The Committee shall be focused on continuous improvement with regard to its processes, procedures, materials, meetings, and other functions to enhance its contribution to the full Board. In addition, the Committee shall provide counsel and advice to the Board as requested.

Meetings and Minutes

The Committee shall meet at least once per quarter. The Committee Chair shall determine the frequency of meetings based on the Committee's annual goals and work plan. Minutes shall be kept by the assigned staff and the draft of such minutes shall be delivered to all members of the Committee when the agenda for the subsequent meeting is delivered. The draft minutes shall separately be delivered to the ECC Chair within one week of the meeting for future meeting planning purposes. The approved minutes shall be posted to the Board portal for information.



Meetings and actions of all advisory committees of the Board shall be governed by, and held and taken in accordance with, the provisions of Article VI of the Bylaws, concerning meetings and actions of directors. Special meetings of advisory committees may also be called by resolution of the Board and the Committee Chair. Notice of any special meetings of the Committee requires a 24-hour notice.

Appendix

Definition of Independent Member – Compensation Committee

1. An independent committee member is a more limited and narrow classification of member than otherwise required by law and is not meant to expand or limit the definition of interested member for purposes of the El Camino Hospital Conflict of Interest Policy or to expand or reduce the scope of any legal duty or otherwise applicable legal obligation of a director. The Board of Directors, by separate resolution, may determine to limit membership on particular committees to independent members to avoid even the appearance of a conflict of interest.
2. A member of the El Camino Hospital Advisory Committees shall be deemed to be an independent member so long as such member (and any spouse, sibling, parent, son or daughter, son- or daughter-in-law or grandparent or descendant of the member):
 - i. has not, within the preceding twelve (12) months, received payments from El Camino Hospital, a subsidiary or affiliate of El Camino Hospital in excess of Ten Thousand Dollars (\$10,000), excluding reimbursement of expenses or other permitted payments to a director related to service as a member;
 - ii. does not own an interest in an entity, or serve as a Board member or executive of an entity, that is a direct competitor of El Camino Hospital (or an entity controlling, controlled by or under common control with El Camino Hospital) for patients or services, located within ten (10) miles of El Camino Hospital (or an entity controlling, controlled by or under common control with El Camino Hospital). An entity is not a direct competitor if it provides competing services in the above area that do not exceed ten percent (10%) of such entity's revenues.
3. If a member is an owner of an entity, then the amount received from El Camino Hospital during any period shall be determined by multiplying the percentage ownership interest of the member in such entity by the total amount paid by El Camino Hospital to such entity during such period.
4. Each member appointed to the Compensation Committee and the Compliance and Internal Audit Committee shall be, at the time of appointment and while a member of such Committee, an independent member as defined above.
5. **Note:** Other laws may prohibit certain contracts or interests in their entirety and this definition is not intended to narrow or otherwise limit the application of any such law.

TITLE: El Camino Hospital Board Committee Governance Policy

CATEGORY: Administrative

FIRST APPROVAL: ECHB August 14, 2024

Coverage:

All Members of the El Camino Hospital Board of Directors (“Board”) and Board Advisory Committees (“Committees”). The Governance Committee shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

Authority:

The Board has established the following standing Advisory Committees pursuant to Article 7.6 of the El Camino Hospital Bylaws: Compliance and Audit Committee; Executive Compensation Committee; Finance Committee, Governance Committee, Investment Committee; and Quality, Patient Care, and Patient Experience Committee. The Committees have the authority granted to them per the Hospital Bylaws, the Committee Charter, and majority action of the Board. Committees may study, advise and make recommendations to the Board on matters within the committee’s area of responsibility as stated in the Committee Charter. The authority of committees is limited to advisory recommendations except in responsibilities directly delegated by the Board. Committees may provide recommendations for the Board to consider, which recommendations may be considered, adopted, amended or rejected by the Board in the Board’s sole discretion. Committees shall have no authority to take action or otherwise render decisions that are binding upon the Board or staff except as otherwise stated in the Bylaws, the Committee’s Charter, or majority action of the Board. To the extent of any conflict with the Committee Charter, this policy controls.

Membership:

Each committee shall have the membership as stated in the Committee Charter but must be composed of at least two members of the Board (“Director Members”), as well as people who are not members of the Board (“Community Members”). Director membership on any single Committee shall not constitute a quorum of either Board or Healthcare District Board membership. The Chair of a committee is its presiding officer. In the absence of the Chair, the Vice-Chair (or if no Vice-Chair, any member of the Committee as determined by the Chair or the Board) shall perform the duties of the Chair.

Appointment and Removal:

The Board Chair (or Board Chair-elect in Board officer election years) shall appoint the Director Members and Committee Chairs, subject to approval of the Board. Community Members shall be appointed by the Committee, subject to approval of the Board. All Board Chair appointments shall be reviewed by the Governance Committee before submission to the Board.

Committee Chairs may appoint and remove a Vice-Chair at the Committee Chair’s discretion. However, if the Committee Chair is not a Director Member, a Vice Chair must be appointed who is a Director, in which case the Director Vice-Chair shall be appointed the same as any other Director Member.

The Board has the authority to remove Director Members and Community Members at any time either with or without the Committee’s recommendation, in the Board’s sole discretion.

TITLE: El Camino Hospital Board Committee Governance Policy

CATEGORY: Administrative

FIRST APPROVAL: ECHB August 14, 2024

Term

Director Members and Community Members serve a term of *three* full or partial fiscal years depending on date of appointment and eligibility to serve. Director and Community Members shall be divided into three appointment categories, as nearly equal in number as possible, as follows: (a) Class 1, the initial term of which shall expire June 30, 2025, and subsequent terms shall be three years each; (b) Class 2, the initial term of which shall expire June 30, 2026, and subsequent terms shall be three years each; (c) Class 3, the initial term of which shall expire June 30, 2027, and subsequent terms shall be three years each. Each class shall hold committee membership until successors are appointed.

Committee Chair and Vice Chair appointments shall be reviewed annually by the Board Chair (or Chair-Elect). Chair and Vice Chair appointments may be changed at any time without effecting the term of that person's membership on the Committee.

Director Members, Community Members, Chairs, and Vice Chairs may serve consecutive terms.

If a community member wishes to vacate a position, the committee member shall submit a written resignation letter addressed to the Chair of the Committee and the Chair of the Board, with a copy to the CEO and Governance Services.

Attendance:

Committee members are expected to attend in person and meaningfully participate in all committee meetings absent extenuating circumstances. Remote virtual participation is generally only allowed for just cause or emergency situations such as physical or family medical emergency, childcare, illness, disability, or Board or Committee related travel. Remote virtual participation must comply with the requirements of the Ralph M. Brown Act. Committee members may be removed from the Committee for repeated failure to satisfy attendance requirements.

If a member is physically not present for more than two meetings in a calendar year, the Committee Chair shall contact that member and remind the member of this policy. If the member continues to be physically absent despite the warning, the Committee shall consider a recommendation to the Board for removal.

Meetings:

All Committees shall have a Committee Charter approved by the Board.

Committee meetings shall be open to the public except for items permitted to be discussed in closed session and held in accordance with the provisions of the Ralph M. Brown Act. At least 72 hours before a committee meeting, Governance Services shall post an agenda containing a brief, general description of each item of business to be discussed at the committee meeting. The posting shall be accessible to the public.

TITLE: **El Camino Hospital Board Committee Governance Policy**

CATEGORY: Administrative

FIRST APPROVAL: ECHB August 14, 2024

The minutes of each committee meeting, including any recommendation of a committee, shall include a summary of the information presented and the recommended actions. ECHB staff will prepare minutes for each meeting. Draft minutes will be provided to the committee at the next available committee meeting for committee member review and approval. Once approved, minutes will be made a part of the Board's permanent records.

A majority of the members of each committee shall constitute a quorum for the transaction of business.

Only members of the committee are entitled to make, second or vote on any motion or other action of the committee. Each committee member shall be entitled to one vote on all matters considered by the committee. A simple majority vote of the members of the Committee shall designate approval of a motion.

All committee communications must go through the designated committee Chair.

The specific committees and their respective responsibilities are as stated in the Charter for each Committee.

FY25 COMMITTEE GOALS AND PACING PLAN

Executive Compensation Committee

The purpose of the Executive Compensation Committee (the “Committee”) is to assist the El Camino Hospital (ECH) Hospital Board of Directors (“Board”) in its responsibilities related to the Hospital’s executive compensation philosophy and policies. The Committee will advise the Board to meet all legal and regulatory requirements as it relates to executive compensation.

STAFF: **Deanna Dudley**, Chief Human Resources Officer (Executive Sponsor)

The CHRO shall serve as the primary staff to support the Committee and is responsible for drafting the Committee meeting agenda for the Committee Chair’s consideration and for developing and disseminating in a timely manner management’s recommendations to the Committee and appropriate supporting information to facilitate the Committee’s deliberations and exercise of its responsibilities. The CEO, and other staff members as appropriate, may serve as a non-voting liaison to the Committee and may participate at the discretion of the Committee Chair. These individuals shall be excused when the Committee is reviewing their individual compensation.

GOALS	TIMELINE	METRICS/PACING PLAN
1. Provide oversight and approvals for compensation-related decisions, including performance incentive goal-setting and plan design	Q1	<ul style="list-style-type: none"> - Review and approve FY25 executive base salaries - Review and recommend FY24 Organizational Incentive Score - Review and approve FY24 individual incentive scores - Review and approve FY24 executive payout amounts
	Q2	<ul style="list-style-type: none"> - Process Review: Executive Performance Management - Process Review: Succession and Development Planning
	Q3	<ul style="list-style-type: none"> - Recommend FY26 ECC Committee goals - Receive update on ECH Q2 strategic plan - Review potential ECC policy changes - Process Review: Executive Goal Setting
	Q4	<ul style="list-style-type: none"> - Review and recommend proposed FY26 organizational incentive goals - Review and approve FY26 individual executive goals - Review of CEO Performance Management Process
2. Evaluate the effectiveness of the independent compensation consultant	Q4	<ul style="list-style-type: none"> - Conduct annual evaluation of ECC consultant

SUBMITTED BY: Chair: Bob Miller | Executive Sponsor: Deanna Dudley

**EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES**

03.02 EXECUTIVE BASE SALARY ADMINISTRATION

A. Coverage:

The Chief Executive Officer (“CEO”) of El Camino Hospital (“El Camino”) and those executives reporting directly to the CEO and those in other approved positions. Participation in the plan is subject to approval by the Hospital Board of Directors.

Reviewed/Revised:

New: 9/15/09, 12/08/10, 2/13/13, 6/11/14, 10/12/16, 2/14/18, 4/15/20, 6/6/24

B. Policy Summary:

Base salary is one component of the executive total remuneration program which includes benefits, performance incentive pay, and other cash compensation. This policy defines how a salary range is established and provides guidelines for determining an individual’s placement in the range. The program is governed by the Board of Directors and administered by the Executive Compensation Committee (“the Committee”).

C. General Provisions:

1. **Salary Range** – Each executive position at El Camino Hospital will have a salary range with minimum and maximum, determining the lowest and highest pay for that job.
 - a. The midpoint of the salary range for each executive position will be set in accordance with ECC Policy 3.01(G)(4).
 - b. The salary range will be from 20% below to 20% above the salary range midpoint, resulting in a maximum amount that is 150% of the minimum amount.
 - c. Salary ranges may be updated annually based on competitive market data and/or executive increase market trends. However, the Committee may elect not to adjust salary ranges.
2. **Placement in the Salary Range** includes initial placement of a new hire, adjustments when there is a change in job scope, and periodic salary increases or decreases. An individual’s placement in the range will be determined based on a combination of the following factors: ~~paying within a competitive range and~~ recognizing competence, credentials, experience, and contribution to El Camino Hospital’s success.

The guidelines for placement in range are:

- a. **Pay at 80% to 90% of Midpoint** may be appropriate for an individual with limited experience in a comparable position, or for an individual who has recently been promoted and needs developmental time in the position. This may be a new hire or internal promotion. An individual may be eligible for higher percentage increases, aligned with performance, when positioned at this level.
- b. **Pay at 90% to 110% of Midpoint** may be appropriate for a fully experienced individual with a demonstrated record of successful performance. El Camino Hospital manages base salary increases so that upward movement in salary reflects demonstrated proficiency and contribution to El Camino Hospital's success.
- c. **Pay at 110% to 120% of Midpoint** may be appropriate for a highly experienced individual with demonstrated record of consistently contributing strongly to El Camino's success, or who is in a role that is particularly critical for the achievement of El Camino Hospital's strategic objectives and is in a highly competitive labor market for a particular position.
- d. The Hospital Board of Directors can approve salaries outside the normal salary range or guidelines for hard-to-recruit positions or positions deemed critical to the success of the organization. El Camino Hospital compares salary levels above median to competitive market data to verify that the individual base salary and total remuneration are reasonable.

D. Roles and Responsibilities:

1. The El Camino Hospital Board of Directors shall approve the CEO's base salary range and base salary.
2. The Executive Compensation Committee Charter defines the responsibilities delegated by the Hospital Board such as selecting consultants and approval of the salary ranges and base salaries of executives other than the CEO. The Committee may recommend exceptions to policy to the Board for their approval.
3. The CEO is authorized to approve total remuneration offers to executives reporting to the CEO after first consulting with the ECC Chair, or with the Hospital Board Chair if the ECC Chair is unavailable within the time frame needed to make the offer. The details of the offer shall be reported at the next regularly scheduled ECC meeting.

4. The Chief Human Resources Officer and/or Director-Total Rewards are responsible for implementing salary ranges and base salaries.



**EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES**

03.03 EXECUTIVE BENEFIT PLAN

A. Coverage:

The Chief Executive Officer (“CEO”) of El Camino Hospital (“the Hospital”) and executives in positions designated by the Board of Directors to be in the Executive Group.

Reviewed/Revised:

New: 6/16/09, 12/08/10, 2/13/13, 8/13/14, 6/14/17, and 10/10/18, 6/6/24

B. Policy Summary:

To support the Hospital’s ability to attract and retain executive talent, the Hospital shall provide key executives with a benefits package that is market competitive, compliant, and cost effective. This section outlines the benefits offered to executives in addition to those offered to employees in general.

C. General Provisions:

There are several components of the executive benefit program:

- 1) Basic Benefits are those benefits that the Hospital offers to all eligible employees and currently includes:
 - a. Group insurance and income protection programs such as medical, short and long term disability, employee assistance, dental, and vision plans; supplemental life insurance for the employee, spouse/domestic partner and dependent/child(ren) life insurance; accidental death and dismemberment insurance;
 - b. Paid time off and extended sick leave;
 - c. Cash Balance Pension Plan;
 - d. Employer-match to the 403(b) Retirement Plan; and
 - e. Domestic Social Security or Medicare tax payments.

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El Camino Hospital

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- 2) Basic Executive Benefits are non-elective group benefits provided to executives with plan provisions that differ from those of non-executive employees which currently include:
 - a. Basic Life Insurance – Under Class 2 of the group life insurance policy, the basic benefit for full-time executives is three times annual salary (rounded to the nearest \$10,000) up to \$2.0 million. The IRS requires the Hospital to report imputed income for coverage over \$50,000. If an executive’s regular status is less than full-time, they will be eligible for the employee basic life insurance plan.
 - b. Long-term disability (LTD) – Executive basic LTD insurance will provide a benefit of up to 60% of base monthly earnings to a maximum monthly benefit of \$20,000, following a 90-day waiting period. Eligibility for benefits will be the same as other employees except that executives will be given consideration of disability under their “own occupation” in all years.
- 3) Supplemental Executive Benefits include:
 - a. Executive Disability Salary Continuation – if an executive is unable to work due to a health-related problem, the executive’s salary will be continued for up to six months at 100% of base salary.
 - i. Disability Salary Continuation benefits are integrated with all other employer-sponsored benefits so that the executive will not receive more than 100% of salary. This includes use of accrued PTO and Extended Sick Leave as well as state disability insurance, workers’ compensation, and group long-term disability insurance.
 - ii. Disability Salary Continuation benefits are taxed as ordinary income.
 - iii. Disability Salary Continuation benefits are not portable at termination of employment.
 - iv. Employer and employee cost sharing of employee benefits will continue during the period the executive is receiving salary continuation benefits.
 - b. Severance plan
 - i. The severance period is up to twelve months unless otherwise stated in the executive’s employment agreement. Severance will be paid on a bi-weekly basis

and will be determined by the executive's base salary at the time of termination.

- ii. ~~Severance may be paid if the executive's employment is terminated by the Hospital without cause or by the executive for Good Reason (other than as a result of the executive's death or disability), in either case, within six (6) months following a change of control of the Hospital.~~ For this purpose, "Good Reason" means the occurrence, without the executive's written consent, of any of the following events: (i) a material reduction in duties, (ii) a material reduction in base salary, excluding across the board reductions in base salary for executives generally, or (iii) a forced material relocation; provided, that the executive's termination will only constitute a termination for Good Reason if a) the executive provides written notice to Hospital Leadership within thirty (30) days after the executive has knowledge of the initial existence of the facts or circumstances alleged to constitute Good Reason, (b) the Hospital has failed to cure such facts or circumstances within thirty (30) days after receipt of such notice, and (c) the date of the executive's termination of employment occurs no later than thirty (30) days after the end of such cure period. Severance will not be paid if the executive's employment is terminated by the Hospital for cause or by the executive without Good Reason or as a result of the executive's death or disability. ~~may be paid if the executive's employment is terminated by the Hospital without cause or following a material reduction in duties, a salary reduction, a forced relocation, or a material change in office space within six months following a change of control. Severance will not be paid when the executive voluntarily resigns or is discharged as described under applicable Human Resources Policies.~~
- iii. In addition to twelve months of pay, the executive is eligible for up to twelve months coverage extension of medical, dental, and vision coverage employer contributions. The executive will contribute to the cost on the same basis as when employed. The Hospital will continue to pay the employer share until such time as the executive fails to pay his or her share of premium, becomes ineligible for continuation under COBRA, obtains other group coverage, or twelve months (whichever is less).

- iv. Any obligation of the Hospital to the executive is conditioned upon the executive signing a release of claims in the form provided by the Hospital (the “Employee Release”) within twenty-one days (or such greater period as the Hospital may specify) following the later of the date on which the executive receives notice of termination of employment or the date the executive receives a copy of the Employee Release and upon the executive not revoking the Employee Release in a timely manner thereafter.
- v. Severance benefits are taxed as ordinary income.
- vi. Severance pay will be offset by any earnings received should the executive gain employment during the severance period. The terminated executive must notify the Hospital upon obtaining other employment and provide evidence of base salary received and benefits eligibility (if continuing benefits) in the new position.

4) Executive Retirement Plans

- a. 457(b) Executive Retirement Plan – an executive may contribute base salary, subject to statutory limits. The account balance will be fully vested at all times.
- b. 457(f) Supplemental Executive Retirement Plan (SERP) – the Hospital will contribute 12% of Base Salary (as determined based on annualized base salary on January 1 or date initially eligible for plan) to the SERP less the maximum employer contributions that can be made to the 403(b) Retirement and Cash Balance Pension Plan. Executives with 20 or more years of service as of December 31 of the Plan Year will receive a contribution of 15% of Base Salary under the same terms and conditions. Such contributions have a “Deferred Vesting Date” of the fifth anniversary of the date each Account is created (i.e., January 1, 2028 for 2023 account.) The Participant shall be entitled to the SERP Benefit upon the earliest of (i) remaining employed by the Company to the earlier of the Deferred Vesting Date for such Account or the Participant’s 65th birthday; (ii) Disability; (iii) Death; or (iv) Involuntary Separation from Service without Reasonable Cause.
 - i. Participant’s age 65 or greater - If a Participant continues employment beyond age 65, the Company shall pay to the Participant an amount equal to the credits the Company otherwise would have credited to a SERP

Account for such Participant in cash. The Company shall pay such amounts during the applicable Plan Year(s).

- ii. Under current tax rules, taxes are payable in the calendar year during which vesting occurs. Accordingly, the amount that becomes vested will be distributed to the participant in the same calendar year
- iii. In order to attract and retain executive talent, the Hospital may contribute a higher percent or dollar amount for individual executives as determined by the Hospital's Board of Directors and consistent with the total compensation policy.

D. Roles and Responsibilities

- 1) The El Camino Hospital Board of Directors shall approve all changes to plan design and delegated executive benefit plan administration oversight to the Executive Compensation Committee. The Committee has the responsibility to recommend eligibility and changes to plan design.
- 2) The Chief Human Resources Officer is responsible for overseeing the administration of the program and implementing new benefits or changes. The Chief Human Resource Officer has the authority to engage third parties and assign duties internally and/or externally to effectively administer the plan.
- 3) The executive benefit plan consultants are selected by the Executive Compensation Committee on behalf of the Board of Directors and advise the Board on plan design, overall plan management, and compliance.

E. Procedures:

- 1) New executives will be eligible for the executive benefit plan on the same day they become eligible for standard employee health and welfare benefits. Employees who are promoted into an executive role will be eligible for executive benefits on the 1st of the month on/after date of transfer. The SERP contribution will be prorated based on the number of complete months of participation during the year.
- 2) At termination of employment, the Hospital will prorate the final SERP contribution based on the number of complete months of participation during the year. The SERP contribution will be discontinued upon termination.

- 3) If an executive transfers into a position that is not eligible for the executive benefits program, the Hospital will prorate the final SERP contribution as of the transfer date based on the number of complete months of participation during the year. The SERP contribution will be discontinued as of the transfer date. The former executive will continue to vest in his or her SERP contributions throughout their employment with the Hospital.