

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

Thursday, March 21, 2024 – 4:00pm

El Camino Hospital | Sobrato Board Room 2 | 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: 910 2068 8469#. No participant code. Just press #.

PURPOSE: 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	ACTION	ESTIMATED TIMES
1	CALL TO ORDER/ROLL CALL	Bob Miller, Chair		4:00 - 4:01pm
2	CONSIDER APPROVAL FOR AB 2449 REQUESTS	Bob Miller, Chair	Possible Motion	4:01 – 4:03
3	POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Bob Miller, Chair	Information	4:03 – 4:04
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	4:04 – 4:07
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 (11/30/2023) b. Approve Minutes of the Closed Session of the ECC Meeting (11/30/2023) c. Approve Minutes of the ECC Special Meeting (02/15/2024)	Bob Miller, Chair	Motion Required	4:07 – 4:10
6	ECC CHARTER AND POLICIES REVIEW a. ECC Charter b. ECC Delegation of Authority Procedures c. Executive Compensation Philosophy d. Salary Administration e. Executive Benefits Plan f. Incentive Plan	Deanna Dudley, CHRO	Possible Motion	4:10 – 4:30
7	RECESS TO CLOSED SESSION	Bob Miller, Chair	Motion Required	4:30 – 4:31
8	<i>Gov’t Code Section 54957 and 54957.6 for a report and discussion on personnel matters:</i> FY24 Q2 STRATEGIC AND ORGANIZATIONAL GOAL UPDATE	Dan Woods, CEO Deanna Dudley, CHRO	Discussion	4:31 – 4:41

	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
9	Gov't Code Section 54957 and 54957.6 for a report and discussion on personnel matters: PROCESS REVIEW: EXECUTIVE GOAL SETTING <ul style="list-style-type: none"> a. Organizational Goal Setting b. Executive Performance Incentive Plan 	Dan Woods, CEO Deanna Dudley, CHRO	Motion Required	4:41 – 5:15
10	RECONVENE TO OPEN SESSION	Bob Miller, Chair	Motion Required	5:15 – 5:16
11	REPORT OUT FROM CLOSED SESSION	Gabe Fernandez, Governance Services Coordinator	Information	5:16 – 5:17
12	COMMITTEE UPDATE <ul style="list-style-type: none"> a. Receive Progress against FY24 Committee Goals/Pacing Plan b. Proposed FY25 ECC Goals and Pacing Plan c. Proposed FY25 Dates 	Bob Miller, Chair	Motion Required	5:17 – 5:30
13	CLOSING COMMENTS	Bob Miller, Chair	Discussion	5:30 – 5:35
14	ADJOURNMENT APPENDIX – POLICY REDLINES	Bob Miller, Chair	Motion Required	5:35 pm

Upcoming Regular Meetings: June 6, 2024



**Minutes of the Open Session of the
Executive Compensation Committee
of the El Camino Hospital Board of Directors
Thursday, November 30, 2023**

El Camino Hospital, Sobrato Boardroom 2, 2500 Grant Road, Mountain View, CA 94040

Members Present

Bob Miller, Chair
George Ting, MD, Vice-Chair
Teri Eyre
Estrella Parker
Carol Somersille, MD

Members Absent

**via teleconference

Others Present

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

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. Director Somersille and Director Ting were absent at roll call. A quorum was present. Director Somersille joined the meeting at 4:01 p.m. Director Ting joined the meeting at 4:02 p.m.	<i>Meeting Called to Order @ 4:00 p.m.</i>
2. CONSIDER APPROVAL FOR AB 2449 REQUESTS	All 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	None.	
5. CONSENT CALENDAR	<p>Chair Miller asked if any member of the Committee or the public wished to remove an item from the consent calendar for further discussion.</p> <p>Director Somersille removed item 5c) <i>Progress against FY24 Committee Goals/ Pacing Plan</i>, for discussion. In the discussion, it was noted by Director Somersille that the incentive goals are brought to the relevant subject matter expert committees for input and development on incentive goal setting, prior to being brought to the Executive Compensation Committee for approval. Mr. Woods confirmed that this process is standard practice.</p> <p>Motion: To approve consent calendar item 5c) <i>Receive Progress against FY24 Committee Goals/ Pacing Plan</i></p> <p>Movant: Somersille Second: Eyre Ayes: Eyre, Miller, Parker, Somersille, Ting Noes: None Abstentions: None</p>	<p><i>Consent calendar approved</i></p> <p><i>Actions: Incentive Goal setting to be brought to the relevant subject matter expert committees before coming to the Executive Compensation Committee for review and approval in Q4 FY24.</i></p>

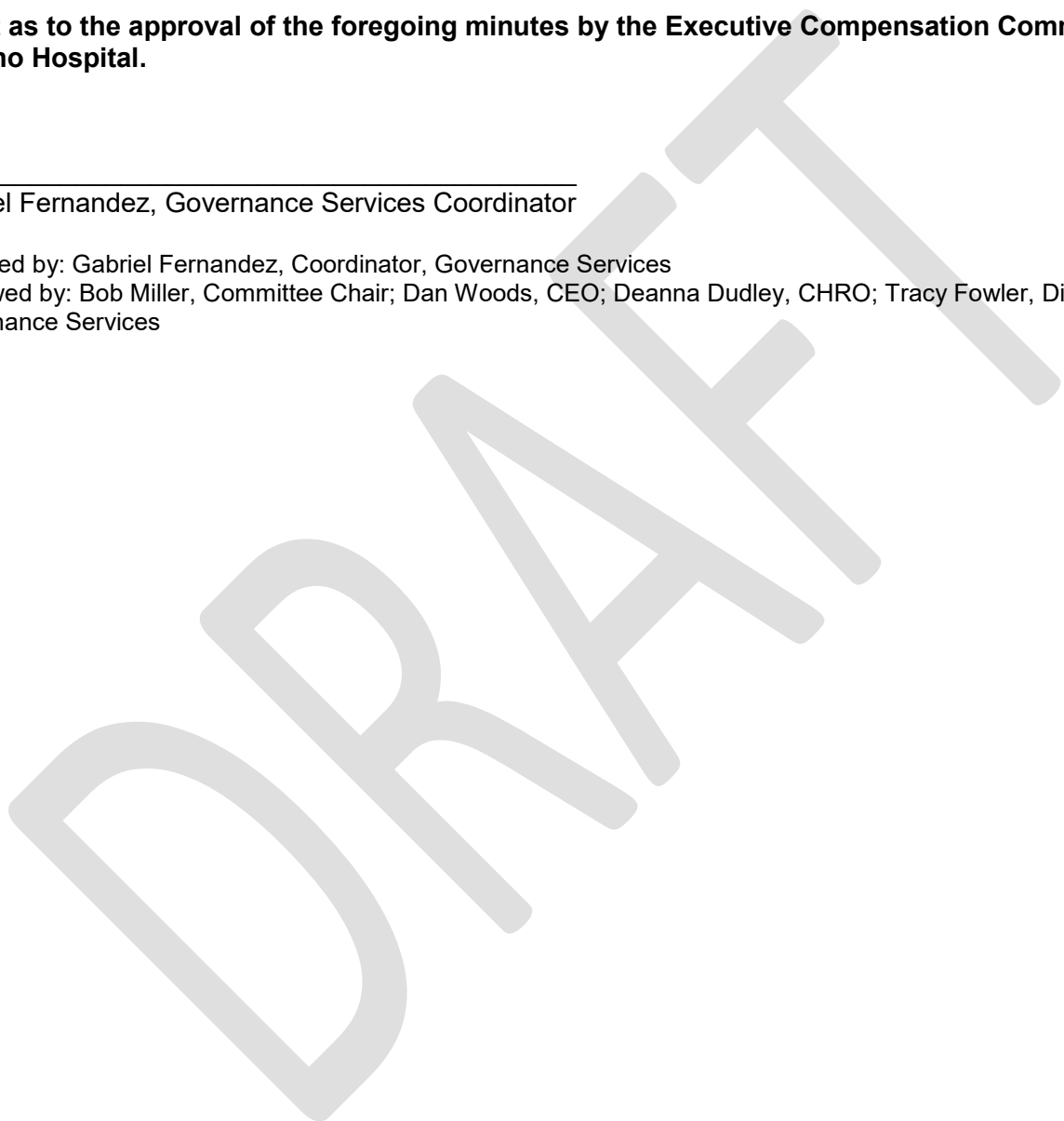
	<p>Absent: None Recused: None</p> <p>Motion: To approve the consent calendar: a) Minutes of the Open Session of the Executive Compensation Committee Meeting (09/30/2023), b) Minutes of the Closed Session of the Executive Compensation Committee Meeting (09/30/2023), d) Receive El Camino Hospital Section 457(f) Supplemental Executive Retirement Plan Legal Documents – Technical Updates</p> <p>Movant: Somersille Second: Eyre Ayes: Eyre, Miller, Parker, Somersille, Ting Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>6. ECC RECRUITMENT UPDATE</p>	<p>Ms. Eyre, Ad Hoc Committee Chair, presented an update on recruitment for the Executive Compensation Committee. Ms. Eyre shared that the recruitment efforts have commenced and that public communications have gone out via newspaper and LinkedIn postings. Additionally, Ms. Eyre asked for the committee to potentially reach out to their networks for any community members who have relevant expertise to be evaluated to serve on the committee.</p>	<p>Actions: Staff to share the committee recruitment postings to the Santa Clara Program, Stanford Women on Boards, and the Boardlist.</p>
<p>7. RECESS TO CLOSED SESSION</p>	<p>Motion: To recess to closed session at 4:16 p.m.</p> <p>Movant: Ting Second: Somersille Ayes: Eyre, Miller, Parker, Somersille, Ting Noes: None Abstentions: None Absent: None Recused: None</p>	<p>Recess to closed session at 4:16 p.m.</p>
<p>8. AGENDA ITEM 14: REPORT OUT</p>	<p>During the closed session, the Executive Compensation Committee approved a recommendation for Board approval to increase the severance period to 18 months from 12 months for the CEO and to 12 months from 6 months for other executives.</p>	
<p>9. AGENDA ITEM 15: APPROVAL OF ECH FOUNDATION FY24 GOAL</p>	<p>Motion: To approve the recommendation to reduce the El Camino Health Foundation FY24 fundraising goal by \$2M</p> <p>Movant: Ting Second: Eyre Ayes: Eyre, Miller, Parker, Somersille, Ting Noes: None Abstentions: None Absent: None Recused: None</p>	<p>Motion Approved</p>
<p>10. AGENDA ITEM 16: CLOSING COMMENTS</p>	<p>No comments were made by the members of the Committee.</p>	

11. AGENDA ITEM 17: ADJOURNMENT	Motion: To adjourn at 5:42 p.m. Movant: Parker Second: Somersille Ayes: Eyre, Miller, Parker, Somersille, Ting Noes: None Abstentions: None Absent: None Recused: None	Meeting adjourned at 5:42 p.m.
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Attest as to the approval of the foregoing minutes by the Executive Compensation Committee of El Camino Hospital.

Gabriel Fernandez, Governance Services Coordinator

Prepared by: Gabriel Fernandez, Coordinator, Governance Services
Reviewed by: Bob Miller, Committee Chair; Dan Woods, CEO; Deanna Dudley, CHRO; Tracy Fowler, Director, Governance Services





**Minutes of the Open Session of the
Executive Compensation Committee
of the El Camino Hospital Board of Directors
Thursday, February 15, 2024**

El Camino Hospital | Administration Conference Room 2 | 2500 Grant Road, Mountain View, CA 94040

Members Present

Bob Miller, Chair
George Ting, MD, Vice-Chair
Teri Eyre
Estrella Parker**

Members Absent

Carol Somersille, MD

Others Present

Dan Woods, CEO
Deanna Dudley, CHRO
Tracy Fowler, Director, Governance Services
Gabriel Fernandez, Governance Services Coordinator
Todd Shaw, ECC Candidate
Mary Hassett, ECC Candidate
Tom Asmar, ECC Candidate

**via teleconference

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER/ ROLL CALL	The open session special meeting of the Executive Compensation Committee of El Camino Hospital (the " <u>Committee</u> ") was called to order at 12:02 p.m. by Chair Bob Miller. A verbal roll call was taken. Committee Members Miller, Ting, Eyre, and Parker were present constituting a quorum. Director Somersille was absent from the meeting.	<i>Meeting called to order at 12:02 pm</i>
2. CONSIDER APPROVAL FOR AB 2449 REQUESTS	Committee Member Parker attended remotely under the Just Cause exemption.	
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 Committee. No members commented during the allotted time.	

<p>5. CONSIDER RECOMMENDATIONS FROM AD HOC COMMITTEE AND CONDUCT INTERVIEWS OF NOMINEES FOR THE EXECUTIVE COMPENSATION COMMITTEE</p>	<p>Chair Miller and Ms. Eyre described the selection process for the three candidates, including the role of the ad hoc committee members in the process. The ad hoc committee evaluated each of the candidates, including their profile, leadership experience, soft skills, culture fit, and interview performance. The final three candidates recommended by the Ad Hoc Committee were Todd Shaw, Mary Hassett, and Tom Asmar.</p> <p>Ms. Eyre outlined the interview process for the three final candidates being considered for committee membership. The three areas of focus for the questions were summarized as: relevant experiences, scenarios of working with management teams, and motivations for joining the committee. Each candidate was asked to briefly describe their relevant experience, to share situations where they faced success or resistance from management or the board and how they managed through it and to share their motivations for serving on the committee.</p> <p>Mr. Shaw was the first candidate interviewed and he provided a detailed introduction about his background, experience, and professional accomplishments, while also highlighting his previous experience with other Compensation Committees and relevant experience through his consulting work. Mr. Shaw also expressed his identified skillset that he felt would best make him a strong candidate for the role. The Committee members had an opportunity to ask questions and engage in further discussion before Mr. Shaw was excused.</p> <p>Ms. Hassett was the next candidate and she provided an overview of her career in Human Resources and her experience with being accountable for Executive Compensation and succession planning within her organization. Ms. Hassett also spoke to her diverse, global perspective from her time working in various global markets. The Committee members had an opportunity to ask questions and engage in further discussion before Ms. Hassett was excused.</p> <p>Mr. Asmar was the third and final candidate and he provided his relevant skills to the committee. He highlighted his experience as an executive compensation attorney, highlighting his experience with oversight of mergers and acquisitions. Mr. Asmar shared his experience with severance and other executive compensation matters. He also explained his desire to find an opportunity to utilize his experience as a way to give back to the community. The Committee members had an opportunity to ask questions and engage in further discussion before Mr. Asmar was excused.</p>	
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<p>6. RECOMMEND TO EL CAMINO HOSPITAL BOARD APPROVAL OF CANDIDATES FOR APPOINTMENTS TO EXECUTIVE COMPENSATION COMMITTEE</p>	<p>The committee engaged in a discussion to review and discuss the candidates. Chair Miller and Ms. Eyre conveyed that Ms. Eyre's resignation is imminent. This decision was shared in order to make room for the three new committee members and align with the specified limit on the number of community members allowed on the committee as outlined in the charter.</p> <p>Motion: To recommend Todd Shaw to the El Camino Hospital Board of Directors for Appointment to the Executive Compensation Committee</p> <p>Movant: Ting Second: Miller Ayes: Eyre, Miller, Parker, Ting Noes: None Abstentions: None Absent: Somersille Recused: None</p> <p>Motion: To recommend Mary Hassett to the El Camino Hospital Board of Directors for Appointment to the Executive Compensation Committee</p> <p>Movant: Eyre Second: Ting Ayes: Eyre, Miller, Parker, Ting Noes: None Abstentions: None Absent: Somersille Recused: None</p> <p>Motion: To recommend Tom Asmar to the El Camino Hospital Board of Directors for Appointment to the Executive Compensation Committee</p> <p>Movant: Ting Second: Eyre Ayes: Eyre, Miller, Parker, Ting Noes: None Abstentions: None Absent: Somersille Recused: None</p>	<p>Motions to recommend Todd Shaw, Mary Hassett, and Tom Asmar to the ECHB were approved.</p>
<p>7. ADJOURNMENT</p>	<p>Motion: To adjourn at 1:29 p.m.</p> <p>Movant: Ting Second: Eyre Ayes: Eyre, Miller, Parker, Ting Noes: None Abstentions: None Absent: Somersille Recused: None</p>	<p>Meeting adjourned at 1:29 p.m.</p>

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

Gabriel Fernandez, Governance Services Coordinator

DRAFT

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 (ECH) 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

All governing authority for ECH 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 by the Board Chair, subject to approval by the Board. All members of the Committee shall be eligible to serve as Chair of the Committee.
- All Committee members, with the exception of new Community members, shall be appointed by the Board Chair, subject to approval by the Board. New Community members shall be appointed by the Committee, subject to approval of the Board. All Committee appointments shall be for a term of one year expiring on June 30th, renewable annually.
- It shall be within the discretion of the Chair of the Committee to appoint a Vice-Chair from among the members of the Committee. If the Chair of the Committee is not a Hospital Board member, the Vice-Chair must be a Hospital Board member.

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

- 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.

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 recused 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 delegating certain decision-making authority to the Executive Compensation Committee. Resolution 2018-05 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.. 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 and placement therein 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 establishing the CEO's annual individual performance incentive goals and performance appraisal process to execute the Hospital's strategic plan. Recommend the CEO's individual annual goals and measures for approval by the Board.
- 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

- Review annually the CEO's own succession plan, including a leadership and professional development plan based on the previous year's talent assessment.
- 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, and 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.

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: Executive Compensation Committee
From: Bob Miller, Committee Chair
Date: March 21, 2024
Subject: Assessment of Effectiveness of Delegation of Authority to the Executive Compensation Committee

Purpose:

To assess whether delegating authority to approve annual base salary changes, individual performance incentive goals, and incentive compensation payments for executives (other than the CEO) to the executive compensation committee has been effective.

Summary:

1. **Situation:** At its April 18, 2018 meeting, on this Committee's ("ECC") recommendation, the Board delegated authority to this Committee to approve for executives other than the CEO (1) adjustments to annual salary ranges and annual salaries, (2) individual goals for incentive purposes, and (3) the amount of incentive compensation earned. The intended purpose of the delegation was two-fold. First, to leave these decisions in the hands of those with specific subject matter expertise with Board members working alongside. Second, free up Board time to enable the Board to focus on strategic planning and decision-making. Since that time, the Committee approved the following for Executives other than the CEO (see section 2).
2. **Background:** Since that time, the Committee approved the following for executives other than the CEO:

FY18 – FY23 Individual Incentive Plan Scores and Incentive Compensation Payments
FY18 – FY23 Base Salaries
FY19 – FY23 Individual Performance (Incentive) Goals

The Committee reported each of its approvals to the Board as informational items on the Board's consent calendar. The Board as a whole has not raised any questions or concerns about the reported approvals. Due to timing issues, the Board, from time to time, approved the base salaries of incoming executives without prior ECC review or approval. However, we did address that this year and have added CEO and/or CHRO consultation with the Committee Chair in advance of the presentation to the Board.

List of Attachments:

1. ECC Delegation of Authority Procedures (Updated)
2. DRAFT ECHB Resolution 2024-02 (Updated resolution incorporating board approvals)

Committee Discussion Questions:

1. Does the Committee receive adequate information and feel comfortable making these decisions without oversight by the full Board?
2. Has the delegation resulted in less time spent on executive compensation matters at the Board level regarding meeting preparation and Board discussion?

APPROVED APRIL 18, 2018

PROCEDURES TO BE FOLLOWED BY THE EL CAMINO HOSPITAL COMPENSATION COMMITTEE WHEN APPROVING COMPENSATION PURSUANT TO A DELEGATION OF AUTHORITY UNDER CALIFORNIA NONPROFIT CORPORATION LAW § 5210.

A. Overview.

The Board of Directors of El Camino Hospital ("Board"), pursuant to Resolution 2018 – 05 has delegated to the Executive Compensation Committee ("ECC") the authority to determine the base salary, salary ranges and certain aspects of individual goals under the Executive Performance Incentive Plan of the persons employed or to be employed to hold the positions listed on Appendix A. Such list may be amended by resolution of the Board or by the Board's approval of changes to the relevant policy. In taking any such action pursuant to the delegated authority, the ECC shall follow the procedures set forth below. No authority has been granted to the ECC to take final action regarding the compensation or determining the salary range of the Chief Executive Officer.

B. Policies and Applicable Law.

In setting compensation for the persons holding the offices listed on Appendix A, the ECC shall follow all applicable policies adopted by the Board as now in force or as they may be amended, revised, or repealed and any newly adopted policies. The applicable policies that are now in force are listed on the attached Appendix B. In addition, the ECC will exercise the authority delegated by the Board so that El Camino Hospital shall meet the regulatory requirements to qualify for the rebuttable presumption of reasonableness under applicable federal regulations.

C. Conflict of Interest.

If any member of the ECC has a conflict of interest (defined below), then the ECC shall require that person to be recused from any determination giving rise to such conflict. The member may not be present at the meeting when the matter is considered and may not be present for the discussion or vote on the matter. Such recused individual may meet with the ECC or its members only to answer questions of the ECC or its members.

A member of the ECC has a conflict of interest with respect to a decision of the ECC, if such person:

- (a) is the person whose compensation is being determined or is a family member of such person ("Subject Disqualified Person");
- (b) is an employee under the direction or control or whose compensation or other payments are subject to the approval of the Subject Disqualified Person;
- (c) has a material financial interest affected by the compensation arrangement for the Subject Disqualified Person; and

- (d) has received or will receive an economic benefit from a transaction the Subject Disqualified Person has approved or will approve.

D. Appropriate Data Regarding Comparability.

The ECC shall obtain, consider, and rely upon, prior to making a compensation decision, appropriate data regarding comparability. The ECC shall also retain an independent consultant to assist it in obtaining such data and to advise the ECC regarding fair market value of total compensation, including benefits established by the Board. Appropriate data as to comparability is, given the knowledge and expertise of its members, information sufficient to determine whether the compensation arrangement in its entirety is reasonable. Relevant information includes compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions; the availability of similar services in the geographic area of El Camino Hospital; and actual written offers from similar institutions competing for the services of the individual.

E. Approval.

The ECC shall approve all compensation subject to its approval before the compensation or changed compensation is paid. With respect to any amount payable as an incentive, the parameters shall be approved by the ECC and the amount of potential compensation payable as an incentive shall be approved by the ECC or Board in advance and before payment. The ECC will approve any action by the vote of a majority of a quorum at a meeting of the ECC.

The ECC shall report to the Board, at the Board's next regularly scheduled Board meeting, its final actions approving salary ranges for Executives, base salaries for Executives, individual goals established under the Executive Performance Incentive Plan, incentive payouts and any matter requiring Board approval under the following paragraph. The ECC report shall contain such additional information as requested by the Board.

F. Required Documentation.

The ECC shall document its compensation decisions at the time the ECC approves the compensation amount. The written or electronic records of the ECC must state, as to each compensation arrangement:

- (a) The terms of the approved compensation arrangement and the date approved;
- (b) The members of the ECC who were present during debate and those who voted on it;
- (c) The comparability data obtained and relied upon by the ECC and how the data was obtained; and
- (d) Any actions taken with respect to members of the ECC, e.g., recusal, who had a conflict of interest with respect to the transaction.

Should the ECC determine that reasonable compensation for a specific compensation arrangement is higher or lower than the range of comparability obtained, the ECC must record the basis for its determination.

Such records must be prepared before the later of the next meeting of the ECC or 60 days after the final action or actions of the ECC are taken. Records must be reviewed and approved by the ECC as reasonable, accurate and complete within a reasonable time period thereafter.

G. ECC Charter.

Except as set forth herein or in Resolution 2018 - 05, the ECC shall continue to perform all advisory activities set forth in the ECC charter in its role as an advisory committee of the Board.

APPENDIX A

- Chief Administrative Services Officer
- Chief Financial Officer
- Chief Human Resources Officer
- Chief Information Officer
- Chief Medical Officer
- Chief Nursing Officer
- Chief Operating Officer
- Chief Quality Officer
- Chief Strategy Officer
- ~~General Counsel~~ Chief Legal Officer
- President of El Camino Hospital Foundation
- President, El Camino Health Medical Network (ECHMN)
- VP-President CONCERN Health*
- Vice President of Payor Relations*

*Current Incumbents Grandfathered into the Plan

APPENDIX B

List of ECH Policies relating to
Executive Compensation (as of March 21, 2024)

1. Policy 3.01. Executive Compensation Philosophy.
2. Policy 3.02. Executive Base Salary Administration.
3. Policy 3.03. Executive Benefits Policy
4. Policy 3.04. Executive Performance Incentive Plan

DRAFT

**AMENDED AND RESTATED RESOLUTION OF THE EL CAMINO HOSPITAL
BOARD OF DIRECTORS REGARDING DELEGATION TO EXECUTIVE
COMPENSATION COMMITTEE**

ORIGINALLY ADOPTED APRIL 18, 2018, RESOLUTION 2018-05

AS AMENDED AND RESTATED APRIL 23, 2024

RESOLUTION 2024 -02

RESOLUTION OF THE BOARD OF DIRECTORS OF EL CAMINO HOSPITAL DELEGATING CERTAIN AUTHORITY TO THE EXECUTIVE COMPENSATION COMMITTEE (“ECC”) REGARDING EXECUTIVE COMPENSATION, ADOPTING PROCEDURES FOR THE ECC TO FOLLOW IN CONNECTION WITH THE EXERCISE OF SUCH DELEGATED AUTHORITY AND PROVIDING INDEMNIFICATION.

WHEREAS, the Board of Directors (“Board”) of El Camino Hospital (“Hospital”) has previously created the ECC as an advisory committee of the Board which includes experts in executive compensation among its members;

WHEREAS, the Hospital has previously taken and continues to take all steps needed to meet the requirements of the Internal Revenue Service in order to obtain the presumption of the reasonableness of executive compensation;

WHEREAS, the ECC has advised the Board on general and specific matters relating to executive compensation, recommending policies and procedures, as well as activities related to individual executive’s compensation and the reasonableness thereof;

WHEREAS, on April 17, 2018, the Board previously adopted Resolution 2018-05 delegating certain authority to the ECC;

WHEREAS, on November 8, 2023, by unanimous vote with all directors present, the Board authorized the CEO to approve executive base salaries for executives reporting to the CEO as long as the salary remains within the reasonable compensation range set by the Board and the ECC and that do not exceed the median as recommended by the ECC;

WHEREAS, in order to streamline the executive hiring process and permit quicker reaction in a competitive market, the Board desires to authorize the CEO, after 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, to approve total remuneration offers to executives reporting to the CEO as long as the total remuneration remains within the reasonable compensation range set by the Board and the ECC and is consistent with the policies and procedures listed on Exhibit A, and to report the details of the offer at the next regularly scheduled ECC;

WHEREAS, the Board has determined to exercise its authority under Section 5210 of the California Nonprofit Corporation Law to delegate certain authority over executive compensation to the ECC; now, therefore, be it

RESOLVED, the Board hereby delegates to the ECC the authority to determine the base salary to be paid to executives who are included in Policy entitled “Executive Compensation Philosophy,” except the Chief Executive Officer (“Executives”); be it further

RESOLVED, that the ECC will also establish the individual incentive goals and determine the relative achievement of such goals by each of the Executives; be it further

RESOLVED, that the Board confirms the authority of the ECC to set salary ranges for the Executives and to retain, supervise and work with a compensation consultant with respect to compensation determinations that the ECC makes as to the Executives and, with respect to the Chief Executive Officer (“CEO”) salary range and compensation recommendations the ECC makes to the Board; be it further

RESOLVED, that the ECC shall take steps to confirm that the approved base salary and all other compensation and benefits payable to the Executives and the CEO (as to the CEO, as recommended to the Board) is reasonable compensation; be it further

RESOLVED, in all its actions pursuant to the authority delegated in this Resolution, the ECC shall follow the Board-approved applicable policies and procedures including the procedures attached as Exhibit A, as amended from time to time, which are hereby approved; be it further

RESOLVED, that the ECC charter and the policies and procedures listed on Exhibit A are hereby amended to read as provided in the attached version of the ECC charter and the policies and any amendments to such policies shall be approved by the Board; be it further

RESOLVED, that the CEO is authorized, after 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, to approve total remuneration offers to executives reporting to the CEO as long as the total remuneration remains within the reasonable compensation range set by the Board and the ECC and is consistent with the policies and procedures listed on Exhibit A, and to report the details of the offer at the next regularly scheduled ECC;

RESOLVED, that the ECC will comply with the Brown Act with respect to the exercise of its delegated authority; be it further

RESOLVED, that in exercising the authority delegated by the Board in this Resolution, each member of the ECC shall be deemed to be an agent of the Hospital for purposes of indemnification pursuant to state law and the Hospital’s bylaws; be it further

RESOLVED, that any authority not expressly delegated to the ECC hereunder is retained by the Board; decisions of the ECC within the delegated authority do not require Board approval; be it further

RESOLVED, that this Resolution grants no contract or other rights to any individual and this Resolution may be amended, repealed or replaced by the Board at any time.

Duly passed and adopted at a regular meeting held on this ____ day of _____, 2024, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

Secretary, El Camino Hospital Board of Directors

EXHIBIT A

Amended Policies and Procedures

1. Procedures to Be Followed by the El Camino Hospital Compensation Committee When Approving Compensation Pursuant to a Delegation of Authority Under California Nonprofit Corporation Law
2. Policy 3.01. Executive Compensation Philosophy.
3. Policy 3.02. Executive Base Salary Administration.
4. Policy 3.03. Executive Benefits Plan.
5. Policy 3.04. Executive Performance Incentive Plan.

DRAFT

**EL CAMINO HOSPITAL BOARD OF DIRECTORS
COMMITTEE MEETING MEMO**

To: Executive Compensation Committee
From: Bob Miller, Committee Chair
Date: March 21, 2024
Subject: Assessment of Effectiveness of Delegation of Authority to the Executive Compensation Committee

Purpose:

To assess whether delegating authority to approve annual base salary changes, individual performance incentive goals, and incentive compensation payments for executives (other than the CEO) to the executive compensation committee has been effective.

Summary:

1. **Situation:** At its April 18, 2018 meeting, on this Committee's ("ECC") recommendation, the Board delegated authority to this Committee to approve for executives other than the CEO (1) adjustments to annual salary ranges and annual salaries, (2) individual goals for incentive purposes, and (3) the amount of incentive compensation earned. The intended purpose of the delegation was two-fold. First, to leave these decisions in the hands of those with specific subject matter expertise with Board members working alongside. Second, free up Board time to enable the Board to focus on strategic planning and decision-making. Since that time, the Committee approved the following for Executives other than the CEO (see section 2).
2. **Background:** Since that time, the Committee approved the following for executives other than the CEO:

FY18 – FY23 Individual Incentive Plan Scores and Incentive Compensation Payments
FY18 – FY23 Base Salaries
FY19 – FY23 Individual Performance (Incentive) Goals

The Committee reported each of its approvals to the Board as informational items on the Board's consent calendar. The Board as a whole has not raised any questions or concerns about the reported approvals. Due to timing issues, the Board, from time to time, approved the base salaries of incoming executives without prior ECC review or approval. However, we did address that this year and have added CEO and/or CHRO consultation with the Committee Chair in advance of the presentation to the Board.

List of Attachments:

1. ECC Delegation of Authority Procedures (Updated)
2. DRAFT ECHB Resolution 2024-02 (Updated resolution incorporating board approvals)

Committee Discussion Questions:

1. Does the Committee receive adequate information and feel comfortable making these decisions without oversight by the full Board?
2. Has the delegation resulted in less time spent on executive compensation matters at the Board level regarding meeting preparation and Board discussion?

APPROVED APRIL 18, 2018

PROCEDURES TO BE FOLLOWED BY THE EL CAMINO HOSPITAL COMPENSATION COMMITTEE WHEN APPROVING COMPENSATION PURSUANT TO A DELEGATION OF AUTHORITY UNDER CALIFORNIA NONPROFIT CORPORATION LAW § 5210.

A. Overview.

The Board of Directors of El Camino Hospital ("Board"), pursuant to Resolution 2018 – 05 has delegated to the Executive Compensation Committee ("ECC") the authority to determine the base salary, salary ranges and certain aspects of individual goals under the Executive Performance Incentive Plan of the persons employed or to be employed to hold the positions listed on Appendix A. Such list may be amended by resolution of the Board or by the Board's approval of changes to the relevant policy. In taking any such action pursuant to the delegated authority, the ECC shall follow the procedures set forth below. No authority has been granted to the ECC to take final action regarding the compensation or determining the salary range of the Chief Executive Officer.

B. Policies and Applicable Law.

In setting compensation for the persons holding the offices listed on Appendix A, the ECC shall follow all applicable policies adopted by the Board as now in force or as they may be amended, revised, or repealed and any newly adopted policies. The applicable policies that are now in force are listed on the attached Appendix B. In addition, the ECC will exercise the authority delegated by the Board so that El Camino Hospital shall meet the regulatory requirements to qualify for the rebuttable presumption of reasonableness under applicable federal regulations.

C. Conflict of Interest.

If any member of the ECC has a conflict of interest (defined below), then the ECC shall require that person to be recused from any determination giving rise to such conflict. The member may not be present at the meeting when the matter is considered and may not be present for the discussion or vote on the matter. Such recused individual may meet with the ECC or its members only to answer questions of the ECC or its members.

A member of the ECC has a conflict of interest with respect to a decision of the ECC, if such person:

- (a) is the person whose compensation is being determined or is a family member of such person ("Subject Disqualified Person");
- (b) is an employee under the direction or control or whose compensation or other payments are subject to the approval of the Subject Disqualified Person;
- (c) has a material financial interest affected by the compensation arrangement for the Subject Disqualified Person; and

- (d) has received or will receive an economic benefit from a transaction the Subject Disqualified Person has approved or will approve.

D. Appropriate Data Regarding Comparability.

The ECC shall obtain, consider, and rely upon, prior to making a compensation decision, appropriate data regarding comparability. The ECC shall also retain an independent consultant to assist it in obtaining such data and to advise the ECC regarding fair market value of total compensation, including benefits established by the Board. Appropriate data as to comparability is, given the knowledge and expertise of its members, information sufficient to determine whether the compensation arrangement in its entirety is reasonable. Relevant information includes compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions; the availability of similar services in the geographic area of El Camino Hospital; and actual written offers from similar institutions competing for the services of the individual.

E. Approval.

The ECC shall approve all compensation subject to its approval before the compensation or changed compensation is paid. With respect to any amount payable as an incentive, the parameters shall be approved by the ECC and the amount of potential compensation payable as an incentive shall be approved by the ECC or Board in advance and before payment. The ECC will approve any action by the vote of a majority of a quorum at a meeting of the ECC.

The ECC shall report to the Board, at the Board's next regularly scheduled Board meeting, its final actions approving salary ranges for Executives, base salaries for Executives, individual goals established under the Executive Performance Incentive Plan, incentive payouts and any matter requiring Board approval under the following paragraph. The ECC report shall contain such additional information as requested by the Board.

F. Required Documentation.

The ECC shall document its compensation decisions at the time the ECC approves the compensation amount. The written or electronic records of the ECC must state, as to each compensation arrangement:

- (a) The terms of the approved compensation arrangement and the date approved;
- (b) The members of the ECC who were present during debate and those who voted on it;
- (c) The comparability data obtained and relied upon by the ECC and how the data was obtained; and
- (d) Any actions taken with respect to members of the ECC, e.g., recusal, who had a conflict of interest with respect to the transaction.

Should the ECC determine that reasonable compensation for a specific compensation arrangement is higher or lower than the range of comparability obtained, the ECC must record the basis for its determination.

Such records must be prepared before the later of the next meeting of the ECC or 60 days after the final action or actions of the ECC are taken. Records must be reviewed and approved by the ECC as reasonable, accurate and complete within a reasonable time period thereafter.

G. ECC Charter.

Except as set forth herein or in Resolution 2018 - 05, the ECC shall continue to perform all advisory activities set forth in the ECC charter in its role as an advisory committee of the Board.

APPENDIX A

- Chief Administrative Services Officer
- Chief Financial Officer
- Chief Human Resources Officer
- Chief Information Officer
- Chief Medical Officer
- Chief Nursing Officer
- Chief Operating Officer
- Chief Quality Officer
- Chief Strategy Officer
- ~~General Counsel~~ Chief Legal Officer
- President of El Camino Hospital Foundation
- President, El Camino Health Medical Network (ECHMN)
- VP-President CONCERN Health*
- Vice President of Payor Relations*

*Current Incumbents Grandfathered into the Plan

APPENDIX B

List of ECH Policies relating to
Executive Compensation (as of March 21, 2024)

1. Policy 3.01. Executive Compensation Philosophy.
2. Policy 3.02. Executive Base Salary Administration.
3. Policy 3.03. Executive Benefits Policy
4. Policy 3.04. Executive Performance Incentive Plan

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ORIGINALLY ADOPTED APRIL 18, 2018, RESOLUTION 2018-05

AS AMENDED AND RESTATED APRIL 23, 2024

RESOLUTION 2024 -02

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WHEREAS, the Board of Directors (“Board”) of El Camino Hospital (“Hospital”) has previously created the ECC as an advisory committee of the Board which includes experts in executive compensation among its members;

WHEREAS, the Hospital has previously taken and continues to take all steps needed to meet the requirements of the Internal Revenue Service in order to obtain the presumption of the reasonableness of executive compensation;

WHEREAS, the ECC has advised the Board on general and specific matters relating to executive compensation, recommending policies and procedures, as well as activities related to individual executive’s compensation and the reasonableness thereof;

WHEREAS, on April 17, 2018, the Board previously adopted Resolution 2018-05 delegating certain authority to the ECC;

WHEREAS, on November 8, 2023, by unanimous vote with all directors present, the Board authorized the CEO to approve executive base salaries for executives reporting to the CEO as long as the salary remains within the reasonable compensation range set by the Board and the ECC and that do not exceed the median as recommended by the ECC;

WHEREAS, in order to streamline the executive hiring process and permit quicker reaction in a competitive market, the Board desires to authorize the CEO, after 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, to approve total remuneration offers to executives reporting to the CEO as long as the total remuneration remains within the reasonable compensation range set by the Board and the ECC and is consistent with the policies and procedures listed on Exhibit A, and to report the details of the offer at the next regularly scheduled ECC;

WHEREAS, the Board has determined to exercise its authority under Section 5210 of the California Nonprofit Corporation Law to delegate certain authority over executive compensation to the ECC; now, therefore, be it

RESOLVED, the Board hereby delegates to the ECC the authority to determine the base salary to be paid to executives who are included in Policy entitled "Executive Compensation Philosophy," except the Chief Executive Officer ("Executives"); be it further

RESOLVED, that the ECC will also establish the individual incentive goals and determine the relative achievement of such goals by each of the Executives; be it further

RESOLVED, that the Board confirms the authority of the ECC to set salary ranges for the Executives and to retain, supervise and work with a compensation consultant with respect to compensation determinations that the ECC makes as to the Executives and, with respect to the Chief Executive Officer ("CEO") salary range and compensation recommendations the ECC makes to the Board; be it further

RESOLVED, that the ECC shall take steps to confirm that the approved base salary and all other compensation and benefits payable to the Executives and the CEO (as to the CEO, as recommended to the Board) is reasonable compensation; be it further

RESOLVED, in all its actions pursuant to the authority delegated in this Resolution, the ECC shall follow the Board-approved applicable policies and procedures including the procedures attached as Exhibit A, as amended from time to time, which are hereby approved; be it further

RESOLVED, that the ECC charter and the policies and procedures listed on Exhibit A are hereby amended to read as provided in the attached version of the ECC charter and the policies and any amendments to such policies shall be approved by the Board; be it further

RESOLVED, that the CEO is authorized, after 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, to approve total remuneration offers to executives reporting to the CEO as long as the total remuneration remains within the reasonable compensation range set by the Board and the ECC and is consistent with the policies and procedures listed on Exhibit A, and to report the details of the offer at the next regularly scheduled ECC;

RESOLVED, that the ECC will comply with the Brown Act with respect to the exercise of its delegated authority; be it further

RESOLVED, that in exercising the authority delegated by the Board in this Resolution, each member of the ECC shall be deemed to be an agent of the Hospital for purposes of indemnification pursuant to state law and the Hospital's bylaws; be it further

RESOLVED, that any authority not expressly delegated to the ECC hereunder is retained by the Board; decisions of the ECC within the delegated authority do not require Board approval; be it further

RESOLVED, that this Resolution grants no contract or other rights to any individual and this Resolution may be amended, repealed or replaced by the Board at any time.

Duly passed and adopted at a regular meeting held on this ____ day of _____, 2024, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

Secretary, El Camino Hospital Board of Directors

EXHIBIT A

Amended Policies and Procedures

1. Procedures to Be Followed by the El Camino Hospital Compensation Committee When Approving Compensation Pursuant to a Delegation of Authority Under California Nonprofit Corporation Law
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5. Policy 3.04. Executive Performance Incentive Plan.

DRAFT

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

03.01 EXECUTIVE COMPENSATION PHILOSOPHY

A. Coverage:

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

B. Reviewed/Revised:

New: 2/08, 6/09, 12/08/10; 8/10/11, 2/13/13, 6/11/14, 10/12/16, 1/10/18, 2/14/18, 2/13/19, 2/12/20, 3/21/24

C. Policy Summary:

The compensation philosophy is the official statement of El Camino Hospital’s Board of Directors regarding the guiding principles and objectives upon which executive compensation decisions are based, and the general parameters and components for accomplishing these objectives.

The executive compensation program encompasses both cash compensation (salary, incentive pay, and other cash compensation) and non-cash compensation (employer provided benefit plans), which in whole, represent “Total Remuneration”.

The program is governed by the Board of Directors and the Executive Compensation Committee which advises the Board to meet all applicable legal and regulatory requirements as related to executive compensation and their effectiveness in attracting, retaining, and motivating executives.

The targets for competitive positioning for executive Total Remuneration are:

- Base Salary – Executive base salaries are targeted on average at the 50th percentile of national market data plus the geographic differential.
- Total Cash Compensation - Base Salary plus actual performance incentive payouts is targeted, on average, at the 50th percentile and up to the 75th percentile of market data, dependent upon individual and organizational performance.
- Total Remuneration - Total Cash plus the value of benefits is targeted, on average, between the 50th and 75th percentile of market data, dependent upon individual and organizational performance.

D. Executive Compensation Philosophy:

The philosophy describes the guiding principles and objectives of the executive compensation program. Executive compensation decisions will be made using the following guiding principles and objectives:

1. Support El Camino's ability to attract, retain, and motivate a highly-talented executive team.
2. Support El Camino's vision and achievement of short and long-term strategic goals and stewardship of the health system mission.
3. Encompass a total remuneration perspective in developing and administering cash compensation and benefit programs.
4. 4. Consider the Hospital's financial performance and ability to pay which shall be balanced with the Hospital's ability to attract, retain and motivate executives.
5. Govern the executive compensation programs to comply with state and federal laws.

E. Components:

The three key components of the executive compensation program are base salary, performance incentive compensation, and benefits.

1. Base Salary. Each executive position will be assigned a salary range that is competitive with comparable organizations and accounts for the higher cost of labor in Silicon Valley.
2. Performance Incentive Compensation. Each executive will be eligible for a goal-based performance incentive compensation program. An executive's performance incentive payout will be based on their performance against pre-defined organizational and individual goals.
3. Executive Benefits. El Camino may provide executives with supplemental benefits as described in the executive benefits policy.

F. Roles and Responsibilities:

1. The Executive Compensation Committee shall recommend and maintain written policies and procedures regarding the administration of each component.
2. The Hospital Board of Directors will approve all policy changes and approves all components of CEO compensation and benefits.

3. The CEO has the authority 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.

G. Definitions

1. **Comparable Organizations** – To measure the competitiveness of the executive compensation program, El Camino will use, in general, compensation information from tax-exempt independent hospitals and health systems from across the United States comparable in size and complexity to El Camino, based upon net operating revenues.
2. **Competitive Position** – A determination of where the El Camino places executive salaries, incentives, and benefits relative to comparable organizations nationally. El Camino's competitive position for base salaries is the market median plus a geographic differential for the Silicon Valley area.
3. **Geographic Differential** – Recognizes the significantly higher cost-of-labor in Silicon Valley. The Committee will periodically analyze data to ensure the geographic differential is appropriate.
4. **El Camino Median** – Reflects the median base pay of Comparable Organizations for a particular position plus the geographic differential.
5. **Other Cash Compensation** – Other cash compensation excludes base salary and incentive pay but may include retention and hiring bonuses and relocation and housing assistance.
6. **Salary Range** - A range established as 20% below to 20% above the salary range midpoint, resulting in a maximum amount that is 150% of the minimum amount.
7. **Salary Range Midpoint** - The midpoint of the salary range for each executive position will be set at the market median. However, the Committee may elect to not adjust salary ranges.
8. **Total Cash Compensation** – includes base salary plus annual incentive compensation (and other cash) paid to an executive.
9. **Total Remuneration** – Total cash compensation plus the cost of employee and executive benefit programs.

**ATTACHMENT A:
APPROVED POSITIONS IN EXECUTIVE
COMPENSATION PROGRAM
Effective March 21, 2024**

Job Title	Name
Chief Admin Svcs Officer	Kenneth K. King
Chief Executive Officer	Daniel J. Woods
Chief Financial Officer	Carlos Bohorquez
Chief Human Resources Officer	Deanna W. Dudley
Chief Information Officer	Deborah A. Muro
Chief Medical Officer	Mark C. Adams, MD
Chief Nursing Officer	Cheryl L. Reinking
Chief Operating Officer	Vacant
Chief Growth Officer	Omar Chughtai
Chief Legal Officer	Theresa J. Fuentes
President Foundation	Andrew Cope
President, Silicon Valley Medical Development	Vacant
VP-President Concern	Cecile S. Currier
VP Payor Relations	Joan M. Kezic ¹
Chief Quality Officer	Holly Beeman, MD

¹-Executive is considered a grandfathered participant and shall continue to be eligible for the Executive Compensation Program as long as the individual remains in an executive position with El Camino.

Note: Executives hired on an interim basis are not eligible for the Executive Compensation and Benefits Program.

**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, 3/21/24

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 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 competitively, rewarding performance, and recognizing competence, credentials, and experience.

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 manages base salary increases so that upward movement in salary reflects individual performance and demonstrated proficiency.
- c. **Pay at 110% to 120% of Midpoint** may be appropriate for a highly experienced individual with demonstrated record of consistently exceeding performance expectations or in roles which are particularly critical for the achievement of strategic objectives or in roles with a highly competitive labor market. El Camino compares base salary levels above market with competitive median data to verify that individual base salary is reasonable.
- 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 compares salary levels above market with competitive median data to verify that the individual base salary and total compensation is reasonable.

D. Roles and Responsibilities:

1. The El Camino Hospital Board of Directors shall approve the CEO's 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 those executives reporting directly to the CEO or COO. Participation in the plan is subject to approval by the Hospital Board of Directors.

B. Reviewed/Revised:

New: 6/16/09, 12/08/10, 2/13/13, 8/13/14, 6/14/17, and 10/10/18,
3/21/2024

C. 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.

D. 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, 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.

- 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 following a material reduction in duties or salary 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 six 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, 2023 for 2018 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, so the plan will provide a partial distribution at vesting to cover taxes.
 - 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.

E. 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.

F. 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.

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

03.04 EXECUTIVE PERFORMANCE INCENTIVE PLAN

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.

B. Reviewed/Revised:

New: 9/15/09, 12/08/10, 2/13/13, 6/11/14 (7/1/14), 10/14/15, 10/12/16, 1/10/18, 2/14/18, 5/8/19, 4/15/20, 3/21/24

C. Policy Summary:

The Performance Incentive Plan is one component of the executive total remuneration program which includes base salary, benefits, and other cash compensation. The Performance Incentive Plan is an annual goal-based compensation program designed to motivate and reward performance toward key strategic goals of El Camino.

D. General Provisions:

The target amount for incentive pay will be competitive with those at comparable organizations. An executive’s incentive payout will be based on their performance against pre-defined organizational and individual goals and measures aligned with El Camino’s mission, vision, and strategic goals.

1. Eligibility – Participants hired after December 31 will not be eligible for the program until the beginning of the next fiscal year on July 1. However, employees promoted into an executive position at any time during the fiscal year will be eligible for executive performance incentive pay on a prorated basis. Written performance goals and measures will be determined within the first 60 days of employment.
2. Criteria – El Camino has established two criteria for payout:
 - a. the individual executive must “meet expectations” or higher on their performance review; and
 - b. El Camino must meet the threshold financial measure.

There will be no performance incentive payout to an executive unless both criteria are met.

3. Organizational Goals – each fiscal year El Camino will define organizational goals that support the strategic/business plan upon which at least 50% of performance incentive pay will be based. In addition, El Camino may establish one to three threshold measures that must be achieved for there to be any payout. Each goal will have annual performance metrics for threshold, target, and stretch levels that can be scored on a continuum. The organizational goals will include a threshold financial measure (*i.e.*, net margin) that must be achieved for any participant to receive incentive pay. Each goal will have annual performance metrics for threshold, target, and stretch levels that can be scored on a continuum.
4. Executive Individual Goals (excluding CEO) – each fiscal year individual goals will be defined for each executive that supports the strategic/business plan. Whenever possible, each goal will have performance measures for threshold, target, and stretch with metrics that can be scored on a continuum. The individual score will be based on the executive’s achievement against approved goals with the CEO having the discretion to modify for individual score ranging from 0% to 150%.
5. Weighing Organizational and Individual Goals – the weight of organizational, individual and discretion vary by job as shown below.

Job	Organizational Weight	Individual Weight	Discretion
CEO	90%	N/A	10% at Board’s discretion
Presidents (Concern: EAP; Foundation; and ECHMN)	50%	50%	CEO has discretion to modify total individual score from 0% to 150%
Other Participants	70%	30%	CEO has discretion to modify individual score from 0% to 150%

6. Amount of incentive pay – the amount of incentive pay is based on the executive’s base salary as shown below:

Job	Threshold	Target	Maximum or Cap
CEO	17.55%	35%	52.5%
Other Participants	12.5%	25%	37.5%

The amount of incentive pay is prorated for new participants hired after July 1 and those employees who transfer into an executive position during

the fiscal year. Incentive pay is prorated based on the number of calendar days. If a management employee is promoted to an executive position during the fiscal year, the executive's bonus payout will be prorated based on the length of their participation in the management and executive performance incentive plans.

7. Performance Incentive Payout – Incentive compensation will be paid within 30 days of approval of the organizational score and the payout amounts. In order to receive incentive compensation, executives must be actively employed in an executive position at the time the incentive compensation is paid.
8. Exceptions – Provision allows for additions, deletions, and changes to approved organizational and individual goals, metrics, and weighting.
 - a. Timing – The CEO is to initiate a request as soon as a change is known and within the fiscal year. Recommendations for changes will be made at the next scheduled Executive Compensation Committee meeting for individual goals and at the next scheduled Hospital Board meeting for organizational goals.
 - b. Organizational Goals – The CEO may recommend changes to the goal statement or metrics based on unforeseen events beyond the control of executive leadership including removing a goal and reweighting other approved goals/metrics. The CEO will notify the Board and Committee Chairs of the need for the change. Recommendations will be made to the Executive Compensation Committee (ECC) or to the ECC Chair prior to the exception request going to the Hospital Board of Directors. If the recommendations go to the ECC first, the ECC will make the recommendation to the Board. If the Board meets first, the Board's decision will be reported at the next ECC meeting.
 - c. Individual Goals - The CEO may recommend additions, deletions, and changes to approved individual goals, metrics, and weighting. Such changes may occur based on unforeseen events beyond the control of the executive. The CEO will make a recommendation to the ECC who has the authority to approve the changes. Changes will be reported to the Board.

E. Roles and Responsibilities:

1. The El Camino Hospital Board of Directors shall approve the plan design including positions eligible; organizational goals, metrics; and scoring; and the CEO's discretionary score and performance incentive payout. In addition, the Board approves any exceptions recommended by the Executive Compensation Committee.

2. The Executive Compensation Committee shall approve individual goals, metrics, and scores, and non-CEO executive performance incentive payouts. In addition, the Committee will review and recommend organizational goals, policy, and plan design changes, and report its decisions to the Board.
3. The CEO recommends the individual goals, scores, and incentive payout amounts to the Committee and the organizational goals to the Committee and Board.
4. The Chief Human Resources Officer and/or Director-Total Rewards are responsible for overseeing administration of the program and implementing actions approved by the Committee and the Board.

FY24 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 recused 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 (9/13)	<ul style="list-style-type: none"> - Review and approve FY24 executive base salaries - Review and recommend FY23 Organizational Incentive Score - Review and approve FY23 individual incentive scores - Review and approve FY23 executive payout amounts
	Q2 (11/30)	<ul style="list-style-type: none"> - Process Review: Executive Performance Management - Process Review: Succession and Development Planning
	Q3 (3/21)	<ul style="list-style-type: none"> - Recommend FY25 ECC Committee goals - Receive update on ECH Q2 strategic plan - Review potential policy changes and ECC Charter - Process Review: Executive Goal Setting
	Q4 (6/6)	<ul style="list-style-type: none"> - Review and recommend proposed FY25 organizational incentive goals - Review and approve FY25 individual executive goals
2. Evaluate the effectiveness of the independent compensation consultant	Q4 (6/6)	<ul style="list-style-type: none"> - Conduct annual evaluation of ECC consultant

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



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 recused 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
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



Executive Compensation Committee Meetings
Proposed FY2025 Dates

RECOMMENDED ECC DATES THURSDAYS @ 4:00 PM PT
Thursday, September 26, 2024
Thursday, November 14, 2024
Thursday, March 20, 2025
Thursday, June 5, 2025

A06a. ECC Charter_Redline



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 (ECH) 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

All governing authority for ECH 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.

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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 by the Board Chair, subject to approval by the Board. All members of the Committee shall be eligible to serve as Chair of the Committee.
- All Committee members, with the exception of new Community members, shall be appointed by the Board Chair, subject to approval by the Board. New Community members shall be appointed by the Committee, subject to approval of the Board. All Committee appointments shall be for a term of one year expiring on June 30th—th renewable annually.
- It shall be within the discretion of the Chair of the Committee to appoint a Vice-Chair from among the members of the Committee. If the Chair of the Committee is not a Hospital Board member, the Vice-Chair must be a Hospital Board member.
- All members of the Committee must be independent ~~directors~~ 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 Independent Director Conflict of Interest Policy (see attached Appendix).

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~~ 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 recused 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~~ development, and succession planning.

Specific Duties

The El Camino Hospital Board has adopted Resolution 2018-05 delegating certain decision-making authority to the Executive Compensation Committee. Resolution 2018-05 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 ~~salary range, performance incentive program, and benefit plan~~ total remuneration, and perquisites. Recommend to the Board any ~~salary changes~~ to base salary range and/or base salary as well as performance incentive payouts based on organizational performance. ~~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 and placement therein 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 establishing the CEO’s annual individual performance incentive goals and performance appraisal process to execute the Hospital’s strategic plan. Recommend the CEO’s individual annual goals and measures for approval by the Board.
- 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

- Review annually the CEO’s own succession plan, including a leadership and professional development plan based on the previous year’s talent assessment.
- 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, and 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~~[forwarded](#) 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~~[24-hour](#) notice—



Appendix

Definition of Independent ~~Director-Member~~ - Compensation Committee

1. An independent ~~director-committee member~~ is a more limited and narrow classification of ~~director member~~ than otherwise required by law and is not meant to expand or limit the definition of interested ~~director-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 ~~directors- members~~ to avoid even the appearance of a conflict of interest.
2. A member of the ~~Board of Directors of El Camino Hospital Advisory Committees~~ shall be deemed to be an independent ~~director-member~~ so long as such ~~director-member~~ (and any spouse, sibling, parent, son or daughter, son- or daughter-in-law or grandparent or descendant of the ~~director-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 ~~director 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 ~~director-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 ~~director-member~~ in such entity by the total amount paid by El Camino Hospital to such entity during such period.
4. Each ~~director-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 ~~director-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.

A06b2. ECC Delegation of Authority Procedures_Redline

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APPROVED APRIL 18, 2018

PROCEDURES TO BE FOLLOWED BY THE EL CAMINO HOSPITAL COMPENSATION COMMITTEE WHEN APPROVING COMPENSATION PURSUANT TO A DELEGATION OF AUTHORITY UNDER CALIFORNIA NONPROFIT CORPORATION LAW § 5210.

A. Overview

The Board of Directors of El Camino Hospital ("Board"), pursuant to Resolution 2018 – 05 has delegated to the Executive Compensation Committee ("ECC") the authority to determine the base salary, salary ranges and certain aspects of individual goals under the Executive Performance Incentive Plan of the persons employed or to be employed to hold the positions listed on Appendix A. Such list may be amended by resolution of the Board or by the Board's approval of changes to the relevant policy. In taking any such action pursuant to the delegated authority, the ECC shall follow the procedures set forth below. No authority has been granted to the ECC to take final action regarding the compensation or determining the salary range of the Chief Executive Officer.

B. Policies and Applicable Law

In setting compensation for the persons holding the offices listed on Appendix A, the ECC shall follow all applicable policies adopted by the Board as now in force or as they may be amended, revised, or repealed and any newly adopted policies. The applicable policies that are now in force are listed on the attached Appendix B. In addition, the ECC will exercise the authority delegated by the Board so that El Camino Hospital shall meet the regulatory requirements to qualify for the rebuttable presumption of reasonableness under applicable federal regulations.

C. Conflict of Interest

If any member of the ECC has a conflict of interest (defined below), then the ECC shall require that person to be recused from any determination giving rise to such conflict. The member may not be present at the meeting when the matter is considered and may not be present for the discussion or vote on the matter. Such recused individual may meet with the ECC or its members only to answer questions of the ECC or its members.

A member of the ECC has a conflict of interest with respect to a decision of the ECC, if such person:

- (a) is the person whose compensation is being determined or is a family member of such person ("Subject Disqualified Person");
- (b) is an employee under the direction or control or whose compensation or other payments are subject to the approval of the Subject Disqualified Person;
- (c) has a material financial interest affected by the compensation arrangement for the Subject Disqualified Person; and

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- (d) has received or will receive an economic benefit from a transaction the Subject Disqualified Person has approved or will approve.

D. Appropriate Data Regarding Comparability

The ECC shall obtain, ~~consider~~consider, and rely upon, prior to making a compensation decision, appropriate data regarding comparability. The ECC shall also retain an independent consultant to assist it in obtaining such data and to advise the ECC regarding fair market value of total compensation, including benefits established by the Board. Appropriate data as to comparability is, given the knowledge and expertise of its members, information sufficient to determine whether the compensation arrangement in its entirety is reasonable. Relevant information includes compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions; the availability of similar services in the geographic area of El Camino Hospital; and actual written offers from similar institutions competing for the services of the individual.

E. Approval

The ECC shall approve all compensation subject to its approval before the compensation or changed compensation is paid. With respect to any amount payable as an incentive, the parameters shall be approved by the ECC and the amount of potential compensation payable as an incentive shall be approved by the ECC or Board in advance and before payment. The ECC will approve any action by the vote of a majority of a quorum at a meeting of the ECC.

The ECC shall report to the Board, at the Board's next regularly scheduled Board meeting, its final actions ~~approving~~approving salary ranges for Executives, base salaries for Executives, individual goals established under the Executive Performance Incentive Plan, incentive payouts and any matter requiring Board approval under the following paragraph. The ECC report shall contain such additional information as requested by the Board.

F. Required Documentation.

The ECC shall document its compensation decisions at the time the ECC approves the compensation amount. The written or electronic records of the ECC must state, as to each compensation arrangement:

- (a) The terms of the approved compensation arrangement and the date approved;
- (b) The members of the ECC who were present during debate and those who voted on it;
- (c) The comparability data obtained and relied upon by the ECC and how the data was obtained; and
- (d) Any actions taken with respect to members of the ECC, e.g., recusal, who had a conflict of interest with respect to the transaction.

Should the ECC determine that reasonable compensation for a specific compensation arrangement is higher or lower than the range of comparability obtained, the ECC must record

the basis for its determination—.

Such records must be prepared before the later of the next meeting of the ECC or 60 days after the final action or actions of the ECC are taken— Records must be reviewed and approved by the ECC as reasonable, accurate and complete within a reasonable time period thereafter.

G. ECC Charter.

Except as set forth herein or in Resolution 2018 - 05, the ECC shall continue to perform all advisory activities set forth in the ECC charter in its role as an advisory committee of the Board.

APPENDIX A

- Chief Administrative Services Officer
- Chief Financial Officer
- Chief Human Resources Officer
- Chief Information Officer
- Chief Medical Officer
- Chief Nursing Officer
- Chief Operating Officer
- Chief Quality Officer
- Chief Strategy Officer
- ~~General Counsel~~ Chief Legal Officer
- President of El Camino Hospital Foundation
- President, ~~(SVM) El Camino Health Medical Network (ECHMN)~~
- ~~Vice President of Corporate & Community Health Services~~ VP-President CONCERN Health*
- Vice President of Payor Relations*

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*Current Incumbents Grandfathered into the Plan

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APPENDIX B

List of ECH Policies relating to
Executive Compensation (as of ~~April 18, 2018~~ March 21, 2024)

1. Policy 3.01. Executive Compensation Philosophy.
2. Policy 3.02. Executive Base Salary Administration.
3. Policy 3.03. Executive Benefits Policy
4. Policy 3.04. Executive Performance Incentive Plan

**A06c. ECC Policy 3_01 (Exec Comp
Philosophy)_Redline**



EL CAMINO HOSPITAL
BOARD OF DIRECTORS POLICIES AND PROCEDURES
EXECUTIVE COMPENSATION COMMITTEE RECOMMENDATIONS TO BOARD
REVISED 4-2-20

03.01 EXECUTIVE COMPENSATION PHILOSOPHY

A. Coverage:

The Chief Executive Officer (“CEO”) of El Camino Hospital ~~and Health System~~ (“~~El Camino Hospital~~”) and those executives reporting directly to the CEO and approved participants. Participation in the plan is subject to approval by the Hospital Board of Directors (see Attachment A).

B. Reviewed/Revised:

New: 2/08, 6/09, 12/08/10; 8/10/11, 2/13/13, 6/11/14, 10/12/16, 1/10/18, 2/14/18, 2/13/19, 2/12/20, 3/21/24

C. Policy Summary:

The compensation philosophy is the official statement of El Camino Hospital’s Board of Directors regarding the guiding principles and objectives upon which executive compensation decisions are based, and the general parameters and components for accomplishing these objectives.

The executive compensation program encompasses both cash compensation (salary, incentive pay, and other cash compensation) and non-cash compensation (employer provided benefit plans ~~and perquisites~~), which in whole, represent ~~total~~ “Total compensation/Remuneration”.

The program is governed by the Board of Directors and the Executive Compensation Committee which advises the Board to meet all applicable legal and regulatory requirements as ~~it~~ related to executive compensation and their effectiveness in attracting, retaining, and motivating executives.

The targets for competitive positioning for executive ~~remuneration~~ Total Remuneration ~~is~~ are:

- Base Salary – Executive base salaries are targeted on average at the 50th percentile of national market data plus the geographic differential.

Approval: ~~2/12/20~~ ~~4/15/2020~~ 3/21/2024

El Camino Hospital

Rev.: ~~4/9/19~~ ~~4/2/20~~ 3/21/2024

- Total Cash Compensation - Base Salary plus actual performance incentive payouts is targeted, on average, at the 50th percentile and up to the 75th percentile of market data, dependent upon individual and organizational performance.
- Total Remuneration - Total Cash plus the value of benefits is targeted, on average, between the 50th and 75th percentile of market data, dependent upon individual and organizational performance.

D. Executive Compensation Philosophy:

The philosophy describes the guiding principles and objectives of the executive compensation program. Executive compensation decisions will be made using the following guiding principles and objectives:

1. Support ~~the Hospital's~~ El Camino's ability to attract, retain, and motivate a highly-talented executive ~~team team with the ability and dedication to manage the Hospital accordingly.~~
2. Support ~~the El Camino's~~ Hospital's mission and-vision and achievement ~~of of short and long-term~~ strategic goals and stewardship of the health system mission.
3. Encompass a total ~~compensation-remuneration~~ perspective in developing and administering cash compensation and benefit programs.
- ~~4. Considers the El Camino's Hospital's financial performance and ability to pay fund. 4. which shall be balanced with the Hospital's ability to attract, retain and motivate executives. 4. Considers the Hospital's financial performance and ability to pay which shall be balanced with the Hospital's ability to attract, retain and motivate executives.~~
5. Govern the executive compensation programs to comply with state and federal laws.

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E. Components:

The three key components of the executive compensation program are base salary, performance incentive compensation, and benefits.

1. Base Salary. Each executive position will be assigned a salary range that is competitive with comparable ~~hospitals organizations~~ and accounts for the higher cost of labor in Silicon Valley.
2. Performance Incentive Compensation. Each executive will be eligible for a goal-based performance incentive compensation program. An executive's performance incentive payout will be based on their performance against pre-defined organizational and individual goals, ~~and objectives measurements aligned with the Hospital's El Camino's mission, vision, and strategic goals.~~

3. ~~Executive Benefits and Perquisites. El Camino The Hospital~~ may provide executives with supplemental benefits as described in the executive benefits policy. ~~It is the El Camino's Hospital's practice to minimize the use of perquisites in total executive compensation.~~

F. Roles and Responsibilities:

1. The Executive Compensation Committee shall recommend and maintain written policies and procedures regarding the administration of each component.
2. The Hospital Board of Directors will approve all policy changes and approves all components of CEO compensation and benefits.
- ~~3.~~ The CEO has the authority 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 to approve retention bonuses and hiring bonuses, relocation and housing assistance (including home loans) for other participants. The decisions will be reported to the Executive Compensation Committee.

G. Definitions

1. **Comparable Hospital Organizations** – To measure the competitiveness of the executive compensation program, ~~the Hospital-El Camino~~ will use, in general, compensation information from tax-exempt independent hospitals and health systems from across the United States comparable in size and complexity ~~to El Camino, to the Hospital. The hospitals will be comparable in size and complexity~~ based upon net operating revenues.
2. **Competitive Position** – A determination of where the ~~Hospital-El Camino~~ places executive salaries, incentives, and benefits relative to comparable ~~hospitals-organizations~~ nationally. El Camino's ~~Hospital's~~ competitive position for base salaries is the market median plus a geographic differential for the Silicon Valley area.
3. **Geographic Differential** – Recognizes the significantly higher cost-of-labor in Silicon Valley. The Committee will periodically analyze data to ensure the geographic differential is appropriate ~~and accurately projecting the El Camino Hospital median.~~
4. **El Camino Hospital Median** – Reflects the median base pay of ~~the comparable Comparable hospitals-Organizations plus the geographic differential~~ for a particular position plus the geographic differential. ~~The Hospital increases the data by 25% to calculate the El Camino Hospital median.~~

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5. Other Cash Compensation – Other cash compensation excludes base salary and incentive pay but may include ~~s-a hiring and retention~~ and hiring bonuses and relocation ~~reimbursement~~ and housing assistance.

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6. Salary Range - A range established as 20% below to 20% above the salary range midpoint, resulting in a maximum amount that is 150% of the minimum amount.

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7. Salary Range Midpoint - The midpoint of the salary range for each executive position will be set at the market El Camino Hospital mMedian. However, the Committee may elect to not adjust salary ranges.

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8. Total Cash Compensation – includes base salary plus annual incentive compensation (and other cash) paid to an executive.

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9. Total Compensation-Remuneration – Total cash compensation plus the cost of employee and executive benefit programs.

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ATTACHMENT A:
APPROVED ~~PARTICIPANTS POSITIONS~~ IN EXECUTIVE
COMPENSATION PROGRAM
Effective March 21, 2024
Effective 4/15/20 (if Board approves change)

Job Title	Name
Chief Admin Svcs Officer	Kenneth K. King
Chief Executive Officer	Daniel J. Woods
Chief Financial Officer	Hfikhar Hussain <u>Vacant</u> <u>Carlos Bohorquez</u>
Chief Human Resources Officer	<u>Kathryn M. Fisk</u> <u>Deanna W. Dudley</u>
Chief Information Officer	Deborah A. Muro
Chief Medical Officer	Mark C. Adams, MD
Chief Nursing Officer	Cheryl L. Reinking
Chief Operating Officer	<u>James D. Griffith</u> <u>Vacant</u>
Chief Quality Officer	<u>Vacant</u>
Chief Strategy Growth Officer	<u>Vacant</u> <u>Omar Chughtaj</u>
General Counsel <u>Chief Legal Officer</u>	<u>Mary Lynn Rotunno</u> <u>Theresa J. Fuentes</u>
President Foundation	Andrew Cope
President, Silicon Valley Medical Development	<u>Bruce A. Harrison</u> <u>Vacant</u>
VP_Corp & Comm Hlth Svcs <u>President Concern</u>	Cecile S. Currier [*]
VP Payor Relations	Joan M. Kezic ^{*1}
<u>Chief Quality Officer</u>	<u>Holly Beeman, MD</u>

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¹. ~~*These Executives~~ is ~~are~~ considered a grandfathered participants and shall continue to be eligible for the Executive Compensation Program as long as the individual remains in an executive position with El Camino ~~Hospital~~. ~~Executive has been deemed a non disqualified person.~~

Note: Executives hired on an interim basis are not eligible for the Executive Compensation and Benefits Program.

A06d. ECC Policy 3_02 (Salary Administration)_Redline

**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 ~~and Health~~ (“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, [3/21/24](#)

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~~ Camino 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 ~~at the El Camino Median market median~~ 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~~ 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 competitively, rewarding performance, and recognizing competence, credentials, and experience.

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 manages base salary increases so that upward movement in salary reflects individual performance and demonstrated proficiency.
- c. ***Pay at 110% to 120% of Midpoint*** may be appropriate for a highly experienced individual with demonstrated record of consistently exceeding performance expectations or in roles which are particularly critical for the achievement of strategic objectives or in roles with a highly competitive labor market. ~~—~~ El Camino compares base salary levels above market with competitive market median data to verify that individual base salary is reasonable.
- 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 compares salary levels above market with competitive market median data to verify that the individual base salary and total compensation is reasonable.

D. Roles and Responsibilities:

1. The El Camino Hospital Board of Directors shall approve the CEO's 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 recommends the salary range and base salary for those executives reporting to the CEO to the Committee. 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.

A06e. ECC Policy 3_03 (Exec Benefits Plan)_Redline



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~~ ~~Health~~ ~~Hospital~~ (“the Hospital”) and those executives reporting directly to the CEO or COO. Participation in the plan is subject to approval by the Hospital Board of Directors.

B. **Reviewed/Revised:**

New: 6/16/09, 12/08/10, 2/13/13, 8/13/14, 6/14/17, and 10/10/18, 3/21/2024

C. **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.

D. **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, 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~~ Balance ~~pension plan~~ Plan;
 - d. Employer-match to the 403(b) Retirement Plan; and
 - e. Domestic Social Security or Medicare tax payments.
- 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:

Approval: ~~10/10/18~~ 03/21/2024

El Camino ~~Hospital~~ Hospital ~~Rev.: 10-11-18jj~~ Rev: 03/21/2024

- 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. ~~with a guaranteed issue amount of the full basic benefit effective January 1, 2019.~~ 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) ~~– Effective January 1, 2018, e~~Executive basic LTD insurance will provide a benefit of up to 60% of base monthly earnings to a maximum monthly benefit of ~~\$15,000~~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.
 - iii-iv. Employer and employee cost sharing of employee benefits will continue during the period the of executive is receiving salary continuation benefits.

b. Severance plan

- i. The severance period is up to ~~six~~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 following a

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material reduction in duties or salary 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, 3.12 and 7.01 (Resignation/Separation of Employment and Discipline and Discharge).

- iii. In addition to ~~twelve~~six months' ~~pay of pay~~, the executive is eligible for up to ~~twelve~~six 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 six 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 Taxable Benefit Allowance — the executive will be provided an annual benefits allowance equal to 7% of base pay (as determined based on annualized base salary on January 1 or date initially eligible for the plan) to purchase the following voluntary benefits on a taxable basis:~~

~~— Individual Long term Disability;~~

~~— Individual Long Term Care (note: policies in force as of 12/31/08 will be provided as a non-elective benefit, paid by the Hospital on a pre-tax basis and not included in the 7% taxable benefit allowance. Executives may revoke coverage but not make any changes to the policy that increases the premiums);~~

~~Individual Life Insurance; and~~

~~457(b) Executive Retirement Plan if there is allowance remaining after the purchase of voluntary benefits; the executive may elect to contribute to a 457(b) plan or may receive the remainder in cash as pay in lieu of benefits. Such deferrals are subject to statutory limits (i.e., \$18,500 in 2018).~~

9)4) Executive Retirement Plans

- a. 457(b) Executive Retirement Plan – an executive may contribute ~~unused taxable Benefit Allowance, payout of accrued PTO, and/or base~~ salary, subject to statutory limits ~~(i.e., \$18,500 in 2018)~~. The account balance will be fully vested at all times.
- b. 457(f) Supplemental Executive Retirement Plan (SERP) – the Hospital will contribute 12.5% of Base Salary (as determined based on annualized base salary on January 1 or date initially eligible for plan) to the SERP less any the maximum employer contributions that can will 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, a tax-deferred retirement account. Such contributions have a “Deferred Vesting Date” of the fifth anniversary of the date each Account is created (i.e., January 1, 2023 for 2018 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 ~~at~~ infor the calendar year during which vesting occurs, so the plan will provide a partial distribution at vesting to cover taxes.~~;~~
 - 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.

E. 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.

~~— The executive benefits plan advisor is selected by the Chief Human Resources Officer and assists in plan communication and administration. The advisor will be a licensed professional who acts as an agent for purchases of individual insurance products. The advisor will guide and advise individual executives on his or her benefit elections upon hire, during open enrollment, and at termination of employment.~~

F. Procedures:

- 1) ~~Effective January 1, 2019, n~~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 ~~taxable benefits allowance and~~ SERP contribution will be prorated based on the number of complete months of participation during the year.
~~1) There will be an annual open enrollment period during which the executive may add or change certain benefit elections.~~
- 2) At termination of employment, the Hospital will prorate the ~~taxable benefits allowance and final~~ SERP contribution based on the number of complete months of participation during the year—; The ~~taxable benefits allowance and~~ 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 ~~taxable benefits allowance and final~~ SERP contribution as of the transfer date based on the number of complete months of participation during the year. The ~~taxable benefits allowance and~~ SERP contribution will be discontinued as of the transfer date—;

Board of Directors Policies & Procedures

03.03 Executive Benefits Plan

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 The former executive will continue to vest in his or her SERP contributions throughout their employment with the Hospital.

A06f. ECC Policy 3_04 (Incentive Plan) (2020-04-15)_Redline

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

03.04 EXECUTIVE PERFORMANCE INCENTIVE PLAN

A. Coverage:

The Chief Executive Officer (“CEO”) of El Camino Hospital ~~and Health~~ (“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.

B. Reviewed/Revised:

New: 9/15/09, 12/08/10, 2/13/13, 6/11/14 (eff 7/1/14), 10/14/15, 10/12/16, 1/10/18, 2/14/18, 5/8/19, 4/15/20, [3/21/24](#)

C. Policy Summary:

The Performance Incentive Plan is one component of the executive total remuneration program which includes base salary, benefits, and other cash compensation. The Performance Incentive Plan is an annual goal-based compensation program designed to motivate and reward performance toward key strategic goals of El Camino.

D. General Provisions:

The target amount for incentive pay will be competitive with those at comparable organizations. An executive’s incentive payout will be based on their performance against pre-defined organizational and individual goals and measures aligned with El Camino’s mission, vision, and strategic goals.

1. Eligibility – Participants hired after December 31 will not be eligible for the program until the beginning of the next fiscal year on July 1. However, employees promoted into an executive position at any time during the fiscal year will be eligible for executive performance incentive pay on a prorated basis. Written performance goals and measures will be determined within the first 60 days of employment.
2. Criteria – El Camino has established two criteria for payout:
 - a. the individual executive must “meet expectations” or higher on their performance review; and
 - b. El Camino must meet the threshold financial measure.

There will be no performance incentive payout to an executive unless both criteria are met.

3. Organizational Goals – each fiscal year El Camino will define organizational goals that support the strategic/business plan upon which at least 50% of performance incentive pay will be based. In addition, El Camino may establish one to three threshold measures that must be achieved for there to be any payout. Each goal will have annual performance metrics for threshold, target, and stretch levels that can be scored on a continuum. The organizational goals will include a threshold financial measure (i.e., net margin) that must be achieved for any participant to receive incentive pay. Each goal will have annual performance metrics for threshold, target, and stretch levels that can be scored on a continuum.
4. Executive Individual Goals (excluding CEO) – each fiscal year individual goals will be defined for each executive that supports the strategic/business plan. Whenever possible, each goal will have performance measures for threshold, target, and stretch with metrics that can be scored on a continuum. The individual score will be based on the executive’s achievement against approved goals with the CEO having the discretion to modify for individual score ranging from 0% to 150%.
5. Weighing Organizational and Individual Goals – the weight of organizational, individual and discretion vary by job as shown below.

Job	Organizational Weight	Individual Weight	Discretion
CEO	90%	N/A	10% at Board’s discretion
Presidents (Concern: EAP; Foundation; and <u>SVMDECHMN</u>)	50%	50%	CEO has discretion to modify <u>total</u> individual score from 0% to 150%
Other Participants	70%	30%	CEO has discretion to modify individual score from 0% to 150%

6. Amount of incentive pay – the amount of incentive pay is based on the executive’s base salary as shown below:

Job	Threshold	Target	Maximum or Cap
CEO	<u>17.55%</u>	<u>3035%</u>	<u>4552.5%</u>
Other Participants	<u>102.5%</u>	<u>2025%</u>	<u>37.50%</u>

The amount of incentive pay is prorated for new participants hired after July 1 and those employees who transfer into an executive position during the fiscal year. Incentive pay is prorated based on the number of calendar days. If a management employee is promoted ~~intoto~~ an executive position during the fiscal year, the

executive's bonus payout will be prorated based on the length of their participation in the management and executive performance incentive plans—.

7. Performance Incentive Payout – Incentive compensation will be paid within 30 days of approval of the organizational score and the payout amounts—.
8. Exceptions – Provision allows for additions, deletions, and changes to approved organizational and individual goals, metrics, and weighting—.
 - a. Timing – The CEO is to initiate a request as soon as a change is known and within the fiscal year—.
 - b. Organizational Goals – The CEO may recommend changes to the goal statement or metrics based on unforeseen events beyond the control of executive leadership including removing a goal and reweighting other approved goals/metrics—.
 - c. Individual Goals - The CEO may recommend additions, deletions, and changes to approved individual goals, metrics, and weighting—.

E. Roles and Responsibilities:

1. The El Camino Hospital Board of Directors shall approve the plan design including positions eligible; organizational goals, metrics; and scoring; and the CEO's discretionary score and performance incentive payout—.
2. The Executive Compensation Committee shall approve individual goals, metrics, and scores, and non-CEO executive performance incentive payouts—.

and plan design changes, and report its decisions to the Board.

3. The CEO recommends the individual goals, scores, and incentive payout amounts to the Committee and the organizational goals to the Committee and Board.
4. The Chief Human Resources Officer and/or Director--Total Rewards are responsible for overseeing administration of the program and implementing actions approved by the Committee and the Board.