

SUBJECT: COMPENSATION OF CHIEF EXECUTIVE OFFICER

POLICY: The Chief Executive Officer (CEO) shall have overall responsibility for the successful organization and operation of the District's activities. The CEO will, at the direction of the District Board, develop, manage, and/or operate programs that meet the goals, mission, and vision established by the District Board. It is the policy of the District Board to provide a fair, reasonable, and competitive compensation package for this critical District position.

PROCEDURE:

1. There will be an Employment Agreement in place between the District and the CEO.
2. The Agreement will establish the base salary, benefits, and other compensation for the CEO and an annual review process for determining any change in compensation and/or benefits.
3. At the start of each anniversary year, a set of Performance Goals are developed by the Board Chair and CEO and approved by the full Board of Directors at a public Board meeting. These Goals are used as key measures to assess the CEO's performance for the year.
4. Within 30 days of each anniversary of the Employment Agreement:
 - a. Each Director will submit a CEO Performance Worksheet and the CEO submits a self-evaluation to the Board Chair.
 - b. The Board Chair gathers compensation data; sources can include:
 - i. On-line government employee salary reports
 - ii. Interviews with Director colleagues from other non-hospital operating California healthcare districts
 - iii. Salary and benefit compensation studies done by independent sources
 - iv. Written job offers for similar positions as shared by local healthcare executive recruiters
 - v. Salary, benefits, and other compensation history for the CEO as provided by the District Accountant off the payroll data.
 - c. In closed session, the CEO presents his/her self-evaluation and Directors have the opportunity to interact with the CEO on performance highlights and issues. The CEO

is excused from this session, and the Board deliberates, develops performance feedback, and determines any increase in compensation or benefits. The Board Chair is designated as the Chief Negotiator and is charged with communicating to the CEO the outcome of the performance review and any proposed salary adjustment, merit increase, performance bonus, or other benefit change.

- i. If the CEO accepts the offer, the Board Chair reports out at the next public Board meeting and an Addendum is prepared which details the new base salary, any merit increase, any performance bonus, and/or any other change to the compensation package. The Addendum is signed by the Board Chair and CEO and filed in the CEO's Human Resources file.
- ii. If the CEO rejects the offer, the Board will meet in closed session to determine what, if any, further negotiations are prudent.

- 5. The public Board minutes will document any change to the base salary, the amount of any merit increase or performance bonus, and/or other increase in the benefit package.

APPROVED BY THE BOARD OF DIRECTORS:

Lester Friedman (Date)
Chair, Board of Directors

Roxann Lewis (Date)
Secretary, Board of Directors

Adopted: 10/21/15