



**CEO ANNUAL EVALUATION PROCEDURE AND SCHEDULE
BOARD POLICY #P-2020.02.06-1**

A standard process and timetable for accomplishing an objective evaluation of the District's CEO is essential to the effective management of the District and the Hospital. Because the evaluation must be based on the operating results of the prior fiscal year the process cannot start until these results are available at the beginning of the following fiscal year. Accordingly it will be the policy of the District Board to adhere to the following process and timetable for the evaluation.

1. The Board shall annually review the performance of the CEO and President of the District.
2. The Board shall establish a Board Advisory Committee (the Committee) during the regular July Board meeting to evaluate the performance of the CEO during the prior fiscal year and to prepare a CEO Evaluation Report for submission to the full Board for review, refinement and approval in September or October.
3. The Board Chair shall appoint, with the Board's approval, two Board members to the Committee at the same July meeting that the Committee is established.
4. The Committee shall make the evaluation of the CEO's performance based on a comparison of the final results of the prior fiscal year compared to the Board approved objectives and on a summary of the information gained through the use of the survey of board and selected staff.
5. The Committee shall request the following individuals complete the survey.
 - a. The five members of the District Board of Directors
 - b. The outgoing Chair of the Medical Executive Committee
 - c. The Hospital Administrative Leadership Team, including the Chief Medical Officer.

This list may only be amended by a vote of the Board at a regular Board meeting. The survey shall be issued by and returned to the HR Director of the Hospital.

6. The Committee shall prepare a summary of the survey information for inclusion in the CEO Evaluation Report.
7. The Committee may also consider other objective, measurable metrics.

8. The CEO Evaluation Report prepared by the Committee shall contain a recommendation to the Board for the CEO's compensation for the coming year and a calculation of the bonus earned for performance against the agreed upon objectives for the year.

9. The Committee shall be dissolved after the Board acts on the report and its recommendations.

10. Nothing in this Board Policy shall preclude the Board from conducting a performance evaluation of the CEO and taking appropriate action at any time.

11. An overview of the process steps by month is attached to this policy.

OVERVIEW OF PROCESS – ANNUAL CEO PERFORMANCE EVALUATION AND ESTABLISHMENT OF CEO OBJECTIVES

June

- Board chair puts agenda item on July Board calendar to appoint Compensation Committee members.

July

- Board Chair identifies two Board members to serve as Compensation Committee for year.
- Board approves the appointments during July Board meeting.

July/early August

- CEO compiles accomplishments for previous year and provides those to the all board members.
- CEO develops a proposed set of objectives for current year, these are reviewed initially by the Compensation Committee and then approved by Board no later than its September meeting.
- After the Board has the opportunity to review CEO accomplishments for previous year, a survey is sent out with the assistance of the HR Director requesting input on CEO performance. Survey goes to Board, Chief Medical Officer, Chief of Staff (for the previous year if Chief has changed).
- Select group of SVH leaders (typically, the entire Administrative Leadership Team) are asked for feedback, via a request from Compensation Committee (a formal survey can be used or simply a request for feedback). At a minimum, this should include CFO, CNO, CIO, Director of Facilities, Executive Director of SVH Foundation, HR Director, Chief Ancillary Officer.

September/October (or after year-end financials are approved or audited)

- CEO submits metrics for previous CEO Incentive Results, to be reviewed by Compensation Committee and from those a recommendation is developed for bonus compensation payment for the prior year.
- The Compensation Committee writes letter to Board summarizing the bonus calculations and recommending an incentive bonus to Board for action/approval at the October meeting.
- Compensation Committee compiles all comments regarding performance evaluation, and forwards to Board for review at a closed session, typically before the October Board meeting.

October/November

- Compensation Committee prepares a summary evaluation document for Board review at a closed session. CEO is invited to present thoughts regarding accomplishments of previous year, then leaves closed session while Board discusses performance. CEO

returns to closed session, is given verbal feedback and signs summary document along with Compensation Committee members for personnel file.

- Compensation Committee also makes recommendation via letter to the Board for potential salary increase at closed session. Salary increase to be agenda item for regular Board meeting for action/approval by Board.