



ESTABLISHMENT OF ANNUAL CEO OBJECTIVES
BOARD POLICY # P-2020.02.06-2

A standard process and timetable for establishing the District's CEO's annual objectives is essential to the effective management of the District and the Hospital. Because the objectives must be based on the Hospital's Strategic Plan and the upcoming fiscal year's budget, the process cannot start until these documents have been approved no later than the end of the fiscal year. Accordingly it will be the policy of the District Board to adhere to the following process and timetable for the establishment of the CEO's annual objectives.

1. The Board shall annually set the Hospital CEO's objectives for each fiscal year.
2. The Board shall annually establish a Board Advisory Committee (the Committee), no later than the regular July Board meeting to work with the CEO to identify the significant problems/issues facing the Hospital and the District and to develop the annual CEO objectives to address these problems/issues. This same Committee can be tasked with undertaking the annual evaluation of the CEO.
3. The Committee shall be comprised of two Board members approved by a vote of the Board at the same regular Board meeting that the Committee is established.
4. The Committee as a temporary advisory board committee, and not a standing board committee, is not subject to the Brown Act.
5. The draft objectives shall be drafted by the CEO during the first two months of fiscal in collaboration with the Committee. These objectives are then reviewed in closed session by the Board in conjunction with the regular September Board meeting, The Board may hold additional closed sessions as necessary to finalize the objectives prior to their presentation for approval at a regular Board meeting.
6. These objectives shall be measurable on a monthly basis, to the degree possible, so that the CEO is able to provide a written report on progress toward their achievement at each regular monthly Board meeting.
7. The Committee shall be disbanded when the CEOs annual objectives have been adopted by the Board.

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.