

## **POLICY CONCERNING CEO ANNUAL EVALUATION PROCEDURE AND SCHEDULE**

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 end of July of each 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.
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 tool used during the 2012 performance evaluation (or similar instrument approved in advance by the Board)
5. The Committee shall request the following individuals complete the survey.
  - a. The five members of the District Board of Directors
  - b. The CEO's direct reports
  - c. The Chief of the Medical Staff and the Vice Chief of the Medical Staff
  - d. The CEO and President of the District

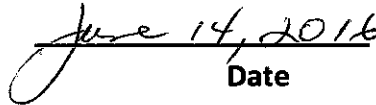
This list may only be amended by a vote of the Board at a regular Board meeting.

The survey shall be issued by and returned to the HR Director of the Hospital during the month of July. The HR Director shall collect the raw data, and shall assist as requested by the Committee in the development of reports or information derived from this data. The HR Director shall provide the raw data, reports or any other information coming from the data only to the Committee, or the full Board and to no other individuals.

6. The Committee shall prepare a summary of the survey information for inclusion in the CEO Evaluation Report.

7. The Committee may also include other objective, measurable metrics in the report.
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.  
In determining the recommendation for the CEO's compensation for the coming year, the committee shall consider, in addition to the above mentioned information:
  - a. The board approved fiscal year's budgeted salary increases for the SVH employees.
  - b. CEO compensation market survey data for similar sized hospitals, responsibility and years of experience
  - c. The SVHF fundraising performance for the past year (this function is viewed as an adjunct responsibility of the CEO. Although it is not included in the CEO's annual objectives, it has a direct bearing on the Hospital's ability to replace and update medical equipment.)
  - d. The Hospital's financial position.
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.

  
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Chair Board of Directors

  
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Date