

Fairview Health Services

Governance Profile **January 1, 2011**

1) Size of the Board

Fairview's bylaws authorize up-to-21 directors. This includes one director elected by the University of Minnesota, nine other elected directors nominated by various Fairview constituent organizations, from three-to-eight at-large directors and the following three ex-officio directors: Fairview President and CEO, Senior Vice President for Health Sciences at the University of Minnesota and the University leader serving as the lead administrator at the University of Minnesota Medical School.

2) Board Composition

The Board is generally composed of community members and up-to-three University of Minnesota employees. The Fairview President and CEO is the only Fairview employee who may serve on the Board.

Fairview's bylaws require that at least one Board member be a Bishop of a Synod or a Senior Pastor of a Fairview Association constituent congregation of the Evangelical Lutheran Church in America.

Current board-approved Board criteria require that at least two community physicians be Board members.

3) Voting

All Board members have equal voting rights.

4) Board Committees

The Board has the following Committees: Executive, Audit and Compliance, Finance (and its Investment and Debt Subcommittees), Governance, Human Resources, Research and Education, System Credentialing, Patient Care and Experience and the Physicians' Advisory Committee.

The Executive Committee is comprised of the Board Officers, the University's Senior Vice President for Health Sciences, and Fairview's President and CEO.

Members of other Committees are appointed annually by the Board, except that the University's Senior Vice President for Health Sciences chairs the Research and Education Committee.

Unless the Board approves an exception, members of the Executive Committee, Audit and Compliance Committee, and Governance Committee must be Board members.

Each of the Committees has a Board-approved Charter and an annual work plan.

Generally, Board members serve on two Committees. Committees usually meet three-to-five times per year.

The Board has adopted Governance Independence Guidelines that generally require that members of the Audit and Compliance Committee, Human Resources Committee and Finance Committee be independent directors as defined in these guidelines.

5) Management Attendance

In addition to the President and CEO who is a Board member, the following executive officers of Fairview routinely attend Board meetings: Chief Information Officer and Senior Vice President of Innovation, Chief Financial Officer, Chief Human Resources Officer, and Senior Vice President and General Counsel. Other executive officers attend as necessary or as requested by the Board.

6) Terms / Term Limits

Board terms for elected and at-large directors are three years. Other than ex-officio directors, no director may serve for more-than-four consecutive terms.

7) Board Officers

Board officers consist of a Chair, Vice Chair, and Secretary. Officer terms are for three years with the ability to be re-elected for one additional term.

The President and CEO is not a Board officer.

8) Board Materials Distributed in Advance

The Board of Directors is fully informed in advance of all major proposals and has an opportunity to make meaningful and deliberate contributions to the decision-making process. To further that policy, information and data that is deemed important to the Board's understanding of the matter is distributed in writing to the Board prior to the Board meeting at which such matters are considered. On occasions where the subject matter is too sensitive to be put on paper, certain proposals will be discussed at the meeting.

9) Executive Sessions of Outside Directors

Each Board meeting includes an executive session of all directors. The outside directors have an opportunity to meet in executive session without the CEO present, as well.

10) Board Access to Senior Management

Board members have complete access to Fairview's senior management and its outside counsel and auditors. In addition, it is the responsibility of the Chairman of the Board to facilitate constructive interaction between the Board and management.

- 11) Conflicts of Interest**
The Board has adopted a Conflict of Interest Policy that applies to all board members and requires disclosure and either management of or elimination of all potential conflicts of interests.
- 12) Board Independence**
The Board has adopted Governance Independence Guidelines that require regular affirmative determinations of Board member independence, that a majority of the Board members be independent and, in certain situations, executive sessions of independent directors only.
- 13) Assessing the Board's Performance**
The Board annually reviews its performance and take steps (including evaluating its composition, organization, and responsibilities) to improve its performance.
- 14) Formal Evaluation of the Chief Executive Officer**
The Board annually reviews the performance of the CEO as it relates to all elements of compensation and performance.
- 15) Local Boards**
Various Fairview divisions have local Boards comprised of community members. These Boards exercise governance authority as delegated by the Corporate Board.
- 16) Fairview Association**
The Fairview Association is an association comprised of approximately 65 Lutheran congregations in the Twin Cities' area. The Fairview Association elects members of certain divisional and subsidiary Boards and has the right to approve certain Articles of Incorporation and Bylaw Amendments that affect its governance rights.
- 17) Compensation**
Board members are not compensated, but are reimbursed for reasonable and appropriate expenses.