

**Minutes of the Open Session of the
Governance Committee**

Tuesday, March 29, 2016 **5:30 p.m.**

El Camino Hospital

Conference Room A, Ground Level

2500 Grant Road, Mountain View, California

Christina Lai participated via teleconference from the following address:

Taiwan, ROC, Taipei City, Dazhi, Ming Shui Lu Lane #8

Peter Moran participated via teleconference from the following address:

110 Sioux Lane, Los Altos, CA 94022

Members Present

Peter C. Fung, MD
 Lanhee Chen
 Gary Kalbach
 Christina Lai
 Pete Moran
 David Reeder

Members Absent

Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER	Chair Peter C. Fung, MD, called the Governance Committee of El Camino Hospital to order at 5:30 p.m. A quorum was present.	
2. ROLL CALL	All members were present, in person or by teleconference.	
3. POTENTIAL CONFLICTS OF INTEREST DISCLOSURES	Chair Fung asked if any Committee member may have a conflict of interest on any of the items on the agenda. No Conflicts were reported.	
4. PUBLIC COMMUNICATION	None.	
5. CONSENT CALENDAR	<p>Motion: To approve the consent calendar (Minutes of the Governance Committee meeting of November 3, 2015 and Proposed FY17 Meeting Dates).</p> <p>Movant: Kalbach</p> <p>Second: Moran</p> <p>Ayes: Chen, Fung, Kalbach, Lai, Moran and Reeder</p> <p>Nays: None</p> <p>Abstain: None</p> <p>Recused: None</p> <p>Absent: None</p>	<i>Consent Calendar Approved</i>

	<p>Chair Fung reported that the District Board did not accept the Hospital Board's recommendation to extend the terms of the Non-District Board Members who serve on the Hospital Board of Directors from 3 to 4 years. He also reported that the District Board re-elected Director Davis to the Hospital Board for a term of three years and that there are vacancies on the Finance Committee and the Corporate Compliance Committee.</p>	
<p>6. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 5:40 pm Movant: Kalbach Second: Chen Ayes: Chen, Fung, Kalbach, Lai, Moran and Reeder Nays: None Abstain: None Recused: None Absent: None</p>	
<p>7. AGENDA ITEM 10 – RECONVENE OPEN SESSION</p>	<p>Open session was reconvened at 6:11 pm. Chair Fung reported that the closed session minutes of the Committee's November 3, 2015 meeting were approved by six committee members present (Chen, Fung, Kalbach, Lai, Moran and Reeder) during the closed session.</p>	
<p>8. AGENDA ITEM 14 – PROMOTE ENHANCED AND SUSTAINED COMPETENCY BASED EFFECTIVE GOVERNANCE</p>	<p>Mr. Reeder asked the Committee to consider whether El Camino Hospital has the optimum Board given the current Board structure. He provided an historical perspective, explaining that when the Hospital first opened fifty years ago it was governed by a District Board, and when the law changed enabling the Hospital to become a 501(c)(3) corporation the District Board appointed itself to the corporate Board. He also described how the District gave up control of the Hospital and then ultimately regained control and reappointed themselves to the Hospital Board when the integrated delivery system was unwound in the 1990's. He explained that it continued that way until 2012 when the Board was expanded to include three subject matter experts; a change he believes has worked very well. He stated that it is time for the Board to re-look at whether all of the District Board members should serve on the Hospital Board and then do what is necessary to make sure the Hospital stays relevant.</p> <p>Chair Fung noted that there might be several ways to change the structure, including adding more subject matter experts, and/or representatives of strategic</p>	

partners. He also suggested that an alternative at the other end of the spectrum might be to have District Board members who have desired competencies continue to serve on the Hospital Board, and to remove those who do not. Mr. Kalbach commented that 5 – 9 is the correct number for an effective Board and suggested that the District Board should not “automatically” elect themselves to the Hospital Board, but adopt the mindset that it is their job to elect the most competent Hospital Board possible.

Mr. Chen commented that simply expanding the Board will not achieve the desired outcome, but that an approach that includes limiting the number of District Board members who serve on the Hospital Board might be workable. Tomi Ryba, CEO, suggested that it would be helpful for the Governance Committee to make a recommendation as to whether it supports a competency based Board and a review of the Board structure.

Mr. Moran noted that unless the District Board decides to make a change, nothing will happen, and suggested that one of the possible situational outcomes of continuing with the same Board structure that should be considered is that the viability of the Hospital as an independent stand-alone entity is in question.

Ms. Lai agreed with the other Committee members and commented that there is some urgency around this issue and the Board should address it.

Joann McNutt or Nygren Consulting LLC commented that hospitals around the country are grappling with this issue and modifying their Boards to make them generative and strategic Boards. She also commented that the Hospital Board should be patient driven.

Ms. Ryba commented that the Hospital’s biggest risk is its business model, followed the absence of a wholly dedicated physician group and the lack of a major effective partnership in the market. She noted that these factors should be compelling ECH to re-look at its structure.

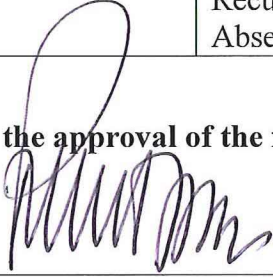
Chair Fung commented that he would report the Committee’s discussion to the Board and suggest a discussion at the Hospital Board and probably subsequently at the District Board.

9. AGENDA ITEM 11 – REPORT ON BOARD ACTIONS	Chair Fung reported actions taken by the Board since the Committee’s last meeting.	
10. AGENDA ITEM 12 – REPORT ON BOARD PROCESSES ASSESSMENT WORK	<p>Cindy Murphy, Board Liaison, reported that Via Healthcare Consulting’s Board Processes recommendations have been implemented with a few exceptions: 1) the Board Meeting Evaluation Tool, which will be implemented in April, 2) the continuing education plan for Board members, which can be paced for the Committee’s May meeting, and 3) development of a goal for time spent on quality matters at Board meetings, which will be paced for an upcoming Quality Committee meeting.</p> <p>The Committee members discussed the report in the meeting materials showing that the length of Board meetings has not decreased since August. There was some discussion about whether, although the total length of the meetings may not have decreased, it seems more time is being spent in closed session on strategic matters and less in open session on administrative matters which is a positive change. Ms. Murphy will track this over the next several months and report back to the Committee in September.</p> <p>The Committee members commented that the length of meetings can generally be attributed both to a Chair’s efforts to guide the meeting and the group members’ willingness to be focused, strategic and not repetitive in their discussions.</p>	
11. AGENDA ITEM 13 – REVIEW OF EL CAMINO HOSPITAL NON-DISTRICT BOARD MEMBER ELECTION PROCESS	<p>Chair Fung asked if the Committee members had any questions about the proposed revisions to the process. The Committee members discussed whether the process should be simplified and whether the competencies should be revised and simplified. Ms. Ryba suggested that this year the process was too protracted.</p> <p>Ms. Lai requested that the word “may” be changed to “shall” to ensure rather than just suggest that a member of the Governance Committee is involved in vetting candidates for the Hospital Board.</p>	Recommended the Board make Recommendation to District Board for Approval of Draft Revised Process

	<p>Motion: To recommend that the Board recommend that the District Board approve the Draft Revised El Camino Hospital Non-District Board Member Election Process as amended (change “may” to “shall”).</p> <p>Movant: Kalbach</p> <p>Second: Chen</p> <p>Ayes: Chen, Fung, Kalbach, Lai, Moran and Reeder</p> <p>Nays: None</p> <p>Abstain: None</p> <p>Recused: None</p> <p>Absent: None</p>	
12. AGENDA ITEM 15 – PROPOSED FY17 GOVERNANCE COMMITTEE CHARTER	<p>The Committee did not have any comments about the Committee Charter or requests for changes.</p> <p>Motion: To recommend approval (no changes) of the Governance Committee Charter.</p> <p>Movant: Kalbach</p> <p>Second: Reeder</p> <p>Ayes: Chen, Fung, Kalbach, Lai, Moran and Reeder</p> <p>Nays: None</p> <p>Abstain: None</p> <p>Recused: None</p> <p>Absent: None</p>	
13. AGENDA ITEM 16 – PROPOSED FY17 GOVERNANCE COMMITTEE GOALS	<p>The Committee members discussed the proposed FY17 Governance Committee Goals in the meeting packet.</p> <p>Motion: To recommend approval of the Proposed FY17 Governance Committee Goals.</p> <p>Movant: Reeder</p> <p>Second: Kalbach</p> <p>Ayes: Chen, Fung, Kalbach, Lai, Moran and Reeder</p> <p>Nays: None</p> <p>Abstain: None</p> <p>Recused: None</p> <p>Absent: None</p>	
14. AGENDA ITEM 17 – PACING PLAN	<p>The Committee discussed the Pacing Plan and asked staff to bring back a revised proposal for FY17 meeting dates that would provide for six meetings per year instead of four. Mr. Moran requested that the FY17 Pacing Plan devote substantial amounts of time to the topic of promoting enhanced and sustained competency based governance. The Committee also discussed having a Joint Meeting with the Board in the next few months.</p>	
15. AGENDA ITEM 18 – ROUND TABLE DISCUSSION	<p>The Committee members discussed the importance of addressing the issue of Board structure in a meaningful way.</p>	

16. AGENDA ITEM 19 – ADJOURNMENT	Motion: To adjourn at 7:16 pm Movant: Kalbach Second: Chen Ayes: Chen, Fung, Kalbach, Lai, Moran and Reeder Nays: None Abstain: None Recused: None Absent: None	

Attest as to the approval of the foregoing minutes by the Governance Committee.



Peter C. Fung, MD
Chair, ECH Governance Committee