

MEMORANDUM OF UNDERSTANDING
MHS BOARD CHAIR/CEO COMPACT

Given that it is a recommended best practice, and given our disparate backgrounds, both the Board Chair and CEO recognize the importance to Methodist Health System of clearly defining and differentiating our respective roles as herein elucidated.

Board Chairman	Shared Accountabilities	CEO
Optimize the function of the MHS Board of Directors.		Optimize the function of the Methodist Health System.
Chair Board meetings and optimize Governance Oversight and Governance Effectiveness for MHS.		Run the company through a designated management structure.
Consistent with the wishes of the Board of Directors as a whole, the Chair is the point person for the CEO hiring process and if necessary the CEO termination process. In other words the Board has only one employment decision – that of the CEO. The Board does oversee and ensure that CEO and top executive compensation programs are reasonable.		The CEO is the ultimate management authority with regard to decisions about employee hiring/firing, compensation structures (within the parameters, plans and policies established by the Management Development and Compensation Committee of the Board), promotions, programs, vendors, etc.
	Coordinate efforts to enhance Methodist Health System’s standing and perception with City and County leaders and with local, state and federal legislators.	
	Establish agendas for Board of Director meetings (CEO & AVP Governance will draft and Chair will amend and provide final approval).	
Central point of communication for the Board with the CEO.		Central point of communication for the CEO/Management with the Board.
Preside over Board Meetings.		Support the Chair with Board meetings, committee

		meetings, etc.
Central point of communication on behalf of the Board of Directors.		Central point of communication for Methodist Health System.
Intervene separately with Board members in situations involving confidentiality and other Board policies and practices.		Make the Chair aware and support the Board Chair in interventions with Board members that may be poorly attending meetings or in violation of some other Board policy or procedure.
Represent the Board of Directors at MHS sponsored functions and events.		Represent Methodist Health System at MHS sponsored functions and events.
As necessary, serve as Board's primary representative and media contact or spokesperson.	Coordinate communication with VP-Marketing/Communication whenever possible before speaking with the media.	As necessary, serve as Methodist Health System's representative and media contact or spokesperson.
Provide oversight of Board members to insure that direct communications with requests of non-CEO members of management are appropriate and, when appropriate, done with the awareness of the Board Chair & CEO.		Encourage non-CEO members of management to insure that communication with any member of the Board is appropriate and, when appropriate, done with the awareness of the CEO.
Not incur expenses on behalf of MHS without first discussing with the CEO and only within the policies of MHS.		Work with the Board Chair to insure that any expenses incurred by the Board Chair on Methodist's behalf are per policy and approved in advance. For approved expenses, CEO will be responsible for processing paperwork necessary to reimburse the Board chair per policy.
	Both the Board Chair and the CEO are responsible to the full Board and act only upon the authority of the consensus of the Board. The	

	CEO and the Board Chair are colleagues in adjacent jobs that are each critical to the mission effectiveness of MHS.	
Responsible for leading the Board of Directors through an inclusive strategic planning process, ultimately approving the plan, and then establishing appropriate monitors to insure that management is successfully implementing the plan. The Board is responsible for approving and advising on the strategic plan.		Responsible for recommending a framework for the strategic planning process and for providing appropriate background information to give the plan context. Insures inclusion of the Board, medical staff and management in the development of the plan and provides the Board with periodic updates of established monitors and benchmarks sufficient to allow the Board to fulfill their oversight role in insuring the strategic plan is accomplished. The CEO is accountable for compilation and execution of the strategic plan.
	Operate with an expectation of "no surprises." Both the CEO and the Board Chair will work at insuring that their counterparts are aware of major issues before they are publically known.	See that the Board and the Chair are kept fully informed of the condition of the organization on all important factors influencing it.
Lead the Board of Directors in ensuring that the mission, vision and values of the organization are being fulfilled by management.		Provide the Board of Directors with information sufficient to allow them to fulfill their fiduciary role in mission, vision, and values effectiveness.
Overseeing and insuring that management is advancing MHS's performance from a quality perspective, as a steward of its human and other resources, from the		CEO is responsible for organizing the management of Methodist Health System in a way that insures financial, operational, human capital, clinical quality, clinical outcomes,

standpoint of clinical quality and patient experience, etc.		patient experience success, and to provide the Board of Directors with information they need to monitor performance in these areas.
Lead the Board in determining <u>what</u> is to be achieved by MHS.		Lead management in determining <u>how</u> strategy and goals should be executed and achieved.
	Chair and CEO will work together to insure that Board committees are functioning well and per the bylaws and they will work together (in tandem with the Governance Committee) to populate committees and to source new board members for the MHS Board.	
Insure that the MHS Board of Directors has an effective Board, that the Board completes a self-evaluation periodically, evaluates the CEO periodically, and has a succession plan for the Board of Directors in place.		Insure that MHS has an effective management team in place, that they are evaluated annually via a best practice mechanism, and that there is a current succession plan in place for the CEO and top members of management.
Be a partner to the CEO, helping to achieve the mission of the organization.		Be a partner of the Board Chair, helping to achieve world class governance for the organization.
	Optimize the relationship between Board and management.	
Communicate any concerns the Chair or Board members may have with the CEO or with a member of management.		Communicate any concerns the CEO or members of management may have with the Board Chair or members of the Board of Directors.
	Agree to communicate (in person, by phone, by e-mail, etc.) as often as necessary to insure that the Chair and the CEO are in	

	sync with one another.	
Fulfill the requirements for Board Chairman per the Corporate Bylaws and MHS Board Chairperson Charter.		Fulfill the requirements for CEO as outlined in the Corporate Bylaws and in the job description for the CEO.
	As key members of the Board of Directors, the Board Chairman and CEO must each be exemplary in their adherence to the duties of care, loyalty, and obedience.	

MHS Board Chair

Stephen Mansfield, MHS President/CEO

Date

Date