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Governance Notes

Using Written Resolutions for More Effective Board Governance

By Matthew K. Doonan, Esq., Chief Legal Officer, *Inspira Health*

There is an axiom among management executives and board support professionals to the effect of “if it’s not in the minutes, it didn’t happen.”

This reinforces the notion that the minutes are the source of truth for board actions. It also underscores the importance of the board meeting minutes accurately capturing the board’s deliberations and actions.

This axiom could be more fully expressed as “if it’s not in the minutes *or a written resolution*, it didn’t happen.” The use of formal written resolutions can help avoid uncertainty, improve governance, and can complement the minutes to ensure clarity about the board’s action.

Even the best minute-takers struggle with capturing board action—especially when a motion is brought after a lengthy presentation and a robust discussion with the board. When a motion is called, the gist of the measure may be understood, but it is not always clear what specific action is proposed. Many factors contribute to this. For example, a motion to act may not be artfully stated—it may be said in a way that is hard to comprehend or omits key details. If the opportunity to stop and clarify the wording of the motion isn’t pursued and a vote occurs, a board member may not fully understand the proposed action until much later, after they have already voted, when they review the minutes from that meeting. From a governance perspective, this outcome is far from ideal.

Proposing action pursuant to a written resolution can add clarity in those moments and help avoid confusion. Doing so has the benefit of allowing the board to evaluate a tangible expression of what it is being asked to approve before it votes. And once

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the resolution is adopted, it serves to clearly articulate the specifics of what the board approved. This eliminates the challenge of having to articulate the appropriate wording of a motion at the conclusion of the discussion (or later on trying to recall the details when compiling the minutes). Instead, the motion can be as simple as one to adopt the resolution accompanying the item as stated, without amendments. Additionally, if the motion is to adopt the resolution with an amendment, using a resolution as a starting point encourages carefully wording the motion to adopt the resolution with a proposed amendment, which still furthers the goal of clarity.

Actions That Benefit from a Resolution

Public entities and health systems in states with open meeting laws may already be mandated to act by written resolution. If the board has a policy on the use of resolutions, it should be followed. Otherwise, whether a written resolution for a particular item might be useful can be considered when planning the board meeting agenda. Actions that might benefit from using a written resolution include:

- Approving a strategic initiative
- Approving a merger, acquisition, or joint venture
- Approving buying or selling real estate
- Approving buying or selling major assets or entering into agreements over a certain dollar threshold¹
- Approving the receipt of grants
- Approving issuance of bonds, loans, and other banking activities
- Approving unbudgeted capital or other expense
- Appointing new board or committee members and officers
- Adopting amendments to the bylaws or certificate of incorporation

Other actions that are housekeeping items (e.g., accepting reports) likely would not benefit much from a written resolution.

Effective Use of Resolutions

Once it is determined that a resolution will be used, care should be taken to ensure it clearly spells out the proposed action the board is authorizing, as well the parameters and conditions. It may not be sufficient to refer to a presentation that accompanied the item in the board book for those details, unless they are clear and unambiguous. In any event, consideration should be given to having the resolution itself state the parameters and conditions to avoid any ambiguity or inconsistent interpretations.

The use of formal written resolutions can help avoid uncertainty, improve governance, and can complement the minutes to ensure clarity about the board's action.

1 As may be required by the bylaws or applicable policies.

In cases where outside stakeholders require a written resolution because they intend to rely on it (e.g., grants, bonds, loans, or purchase or sale of real estate), it is important to ensure the specific wording of the resolution will meet their needs before it is adopted.

Once a resolution is adopted, unless the resolution itself expressly states otherwise, if there are any material changes to the parameters, the matter should be brought back to the board before moving forward. Any question about whether a change to the parameters is material should be resolved through discussion between the CEO and the board chair, if not the full board.

Finally, if an action is to be referred to a board committee first (e.g., if the finance committee reviews requests to approve unbudgeted capital), any proposed board resolution for that action should also be sent to that committee. After review, the committee should consider a motion to recommend to the board that it adopt the resolution and forward the resolution to the board along with the committee's recommendation. The resolution would then be adopted by the board at its next meeting. Committees should avoid adopting their own "resolutions of the committee" and instead only vote on whether to recommend the board adopt a proposed board resolution.

Key Takeaways

- When planning the board agenda, consider what actions might benefit from using a written resolution. (If the board has a policy on resolutions, be sure to follow it.)
- Ensure written resolutions clearly spell out the proposed action the board is authorizing, as well the parameters and conditions.
- If there are any material changes to the parameters of a resolution after it is adopted, the matter should be brought back to the board—unless the resolution itself expressly states otherwise.
- If an action is referred to a board committee, any proposed board resolution for that action should also be sent to that committee for review and recommendation before it is adopted.

With some advance planning, using written resolutions to take board action can eliminate confusion and further good governance. The process of drafting a resolution can encourage thoughtful and productive dialogue between and among the board and management to more precisely define the action the board is being asked to approve and its parameters. Resolutions can be useful tools to avoid the sometimes-dreaded question, “What did the board approve?”

The Governance Institute thanks Matthew K. Doonan, Esq., Chief Legal Officer, Inspira Health, for contributing this article. He can be reached at doonanm@ihn.org.

The Crucial Role of Board Committee Leadership Succession Planning

By Kori Balul, M.P.A., Executive Director of System Governance, *Providence St. Joseph Health*, and Guy Masters, M.P.A., President, *Masters Healthcare Consulting*

There is a common adage used when speaking about board committees: “committees are the workhorses of the board.”¹

For the majority of non-profit hospitals and health systems, the board and especially the board’s committees play a pivotal role in strong board governance. These organizations rely on the leadership of their boards and, more specifically, their committee chairs to make critical decisions that impact patient care, financial stability, and overall effectiveness. Yet, according to The Governance Institute’s 2023 Biennial Survey of Hospitals and Healthcare Systems, only 50 percent of boards use an explicit process of board leadership succession planning to recruit, develop, and choose future board officers and committee chairs.²

All too often, the succession planning for committee chairs is, at best, an afterthought and more commonly not thought of at all until there is a sudden or impending loss of a committee chair, which results in a panicked reactive decision for replacement. Ensuring a smooth transition of leadership within these committees is of paramount importance. This article delves into the significance of board committee leadership succession planning, offering insights into best practices to guide these “workhorses of the board” toward continued success.

Advantages of Succession Planning

The following are five essential characteristics and benefits of effective succession planning for committee leadership:

- 1. Consistency and continuity:** Consistency in leadership is vital for the stability and long-term success of any organization, and non-profit hospitals and health systems are no exception. Financial and operational uncertainty remains an unsteady factor in the nation’s hospitals and health systems, resulting in 92 hospitals and health systems engaging in reductions in their workforce in 2023.³ Effective committee chairs provide guidance, expertise, and vision for their respective committees, particularly during times of disruption and loss of operational continuity supporting the work of the committees. Attention paid to committee leadership succession ensures that when a chair’s term expires or they step down, there is a qualified and well-prepared successor to maintain the momentum and continuity of the committee’s work.

1 Sean Murphy and Kathryn Peisert, *Board Evaluation and Performance: An Intentional Governance Guide*, The Governance Institute, 2016.

2 Kathryn Peisert and Kayla Wagner, *Think Bold: Looking Forward With a Fresh Governance Mindset*, The Governance Institute’s 2023 Biennial Survey of Hospitals and Healthcare Systems.

Identifying and nurturing future leaders within the organization is a key aspect of succession planning.

- 2. Institutional knowledge preservation:** Non-profit healthcare institutions deal with complex regulatory environments, evolving healthcare industry trends, and unique community needs. Committee chairs often possess a wealth of institutional and organization-specific knowledge that is invaluable for effective decision making. According to ACHE, CEO turnover remains steady at 16 percent.⁴ Additionally, the high rate of executive turnover leading up to and following the pandemic means that board and committee leaders often find themselves with a greater depth of historical understanding of the organization. Succession planning allows for the transfer of this knowledge to incoming chairs, ensuring that the organization doesn't lose critical insights and historical context.
- 3. Enhanced governance:** Effective board committee leadership ensures that the board functions efficiently, with committees handling specific areas of responsibility such as finance, quality assurance, or community outreach. Through succession planning, the board can continuously select capable leaders who can adapt to the evolving needs and challenges facing the organization. This adaptability enhances governance and decision making.
- 4. Talent development and retention:** Identifying and nurturing future leaders within the organization is a key aspect of succession planning. When individuals see opportunities for growth, development, and meaningful participation, they are more likely to remain committed to the organization, reducing turnover among board members and committee chairs. This commitment contributes to a more stable and engaged board.
- 5. Confidence:** Demonstrating a commitment to thoughtful and structured leadership succession planning sends a clear message to board members, committee members, and even those in the recruitment process that the board is dedicated to long-term sustainability and accountability. This, in turn, can bolster confidence and support in the work of the board to implement best practices and strong leadership.

Best Practices in Committee Leadership Succession Planning

Consider the following best practices to ensure continuity in leadership transitions, as well as to enhance ongoing effectiveness in committee performance:

- **Identify candidates early and select mentors.** Succession planning should start well in advance of a committee chair's term expiration and be built into the core dimensions necessary for an annual governance development plan that works to ensure the security and success of the structures and leadership crucial to successful governance:⁵
 - » Create a multi-year board term tracking tool that includes each board member's term information, as well as leadership service to facilitate long-range planning.

3 Kelly Gooch, "92 Hospitals, Health Systems Cutting Jobs," Becker's Hospital CFO Report, October 27, 2023.

4 "Hospital CEO Turnover Rate Remains Steady" (press release), ACHE, August 8, 2023.

5 The Governance Institute, *Governance Development Plan, 3rd Edition*, Elements of Governance, 2023.

- » Utilize this monitoring system, in concert with an annual governance development plan, to identify potential successors early and provide them with opportunities to shadow and learn from current leaders.
- » Establish mentorship programs to facilitate knowledge transfer and leadership development.
- **Have clear criteria for selecting committee chairs.** Emphasize the necessary competencies, skills, and qualifications needed for each committee’s chair. Utilization of this criteria, even as early as when recruiting members to the board, will help to ensure that a robust pipeline is in place for upcoming committee leadership replacement needs.⁶ Evaluate potential candidates against these criteria to ensure they are well-equipped to lead the committee effectively.
- **Provide leadership training and development.** Ensure there is ongoing leadership training and development opportunities for potential successors. In addition to early identification and mentorship opportunities, this should include participation in leadership conferences, e-learning opportunities, and access to recommended practices resource materials that encourage continuous learning to enhance leadership skills.
- **Maintain a succession bench.** There is a common saying, “if you stay ready, you don’t have to get ready.” Having an annual governance plan that includes a “succession bench” and contingency plans for the board and committees’ leadership is also useful in preparing for unforeseen circumstances, such as sudden resignations or incapacitation of committee chairs. Maintain a “succession bench” of individuals, as a part of recruitment and ongoing as board members display greater amounts of interest and competencies in their service on the board and within committees, who are ready to step into leadership roles when needed. To accomplish this and do it well, the chair, the governance committee, and the executives need to take an interest in the expertise and ambition of board members as a part of team building and succession planning.⁷ This pool of talent can consist of current committee members, board members, or even external individuals with the required expertise.
- **Develop a detailed transition plan.** This can be created as a part of an annual governance workplan that outlines the transfer of responsibilities to maintain ongoing preparedness for all facets of governance leadership. The current committee chair, working in concert with the board chair and governance support professionals, should contribute to a plan that includes a timeline, key tasks, and a communication strategy to ensure a seamless handover of leadership.
- **Emphasize diversity and inclusion.** In addition to placing a premium on board recruitment efforts that are inclusive of diversity, skills, expertise, cultural/ethnic

6 Sean Murphy and Kathryn Peisert, *Board Recruitment: An Intentional Governance Guide*, The Governance Institute, 2015.

7 Kim Scott, *Radical Candor: How to Get What You Want by Saying What You Mean*, Pan Books, 2019.

demographics, and diverse background and experiences, it is important to continue to emphasize this in succession planning efforts. Ensure that leadership opportunities are accessible to individuals from diverse backgrounds, including multi-generational governance leadership,⁸ as diverse perspectives can enrich decision making and innovation.

- **Evaluate and utilize feedback.** Assessing your committees' performance will help to better understand areas of strength and weakness, develop an action plan for performance improvement, track improvement goals, and therefore enhance committee and board performance.⁹ This evaluation process should be a collaborative effort involving the board, committee members, and the chairs themselves. Use this feedback to guide leadership development efforts. Additionally, assessment of the committee's performance, as well as the current committee chair, provides feedback that can also be used in creating succession plans, and assisting in the transition of committee leadership by providing invaluable feedback on areas to address with the committee as an incoming committee chair.

Key Takeaways

- Invest early and often in the work, performance, and leadership of the committees. Have each committee create an annual development plan, which includes their engagement every few years in committee assessments, leadership transition plans, and a review of committee charters. What adjustments in leadership, membership, or clarified expectations could increase effectiveness?
- Create a "succession bench" for your committee's leaders that is diverse and provide mentorship to that incoming pipeline of committee leaders.
- Recognize and acknowledge the analysis, work products, and recommendations made by the committees to prevent frustration, eroding trust, and burnout.
- Board work gets done in committees. Create an environment and culture of productivity, enthusiasm, and high expectations, always grounded in the organization's mission, vision, and values. Acknowledge value-added contributions by individuals and collectively.

8 Amelia Gulkis, "Looking Out for Tomorrow's Board Leaders," The Governance Institute, Governance Notes, June 2022.

9 For more information on The Governance Institute's Committee Self-Assessments, see www.governanceinstitute.com/committee-self-assessment.

Accelerating Effective Committee Leadership Through Succession Planning

Effective board committee leadership succession planning is essential for the long-term success, stability, and growth of non-profit hospitals and health systems. It ensures consistency, preserves institutional knowledge, enhances governance, develops leadership talent, and instills stakeholder confidence. By following best practices that include early identification, committee assessment, ongoing governance workplans and development, and a commitment to diversity and inclusion, these governing committees, “the workhorses of the board,” can navigate the complex healthcare landscape with confidence and resilience.

The Governance Institute thanks Kori Balul, M.P.A., Executive Director of Governance, Providence St. Joseph Health, and Guy Masters, M.P.A., President, Masters Healthcare Consulting, and Governance Institute Advisor, for contributing this article. They can be reached at kori.balul@providence.org and guymasters11@gmail.com.

Pivoting to Conduct Public Board Meetings Virtually

By Melanie Talbot, Chief Governance Officer and Board Clerk, *Valleywise Health Medical Center*

The Maricopa County Special Health Care District, which does business as Valleywise Health, is governed by a five-member board of directors who are elected by the voters of Maricopa County.

The District is a political subdivision of the state, therefore, the board is considered a public body and must comply with Arizona's open meeting law.

The open meeting law requires that our board meetings are conducted openly and are physically accessible so the public can attend and listen to the deliberations. While not an open meeting law requirement, the board may have a call to the public where a person can address the board during the meeting. The law does allow for public bodies to have remote meetings held through technological means as long as procedures are implemented to safeguard the public's access to the meeting.

Prior to COVID-19, our board meetings were held in person at Valleywise Health Medical Center. When the pandemic hit and the medical center campus closed, we needed to quickly find a way to conduct our monthly board meetings in a way that kept everyone safe while still complying with the open meeting law. We established a toll-free number, which allowed not only the board and staff to participate remotely, but also members of the public to listen and address the board during the call to the public. Without having the ability to mute those that called in, we quickly found this wasn't the best option. In addition, if board members disconnected during the meeting without announcing it, there was the potential of losing a quorum without realizing it.

While we used video conferencing platforms for internal meetings, we had not yet considered it for a public board meeting. We began looking for a platform that would meet all our needs including:

- The ability to mute attendees.
- A way to separate board members from the dozens of other attendees in order to quickly and easily see if they were still in attendance for quorum purposes.
- A mechanism to allow the public to listen in and address the board when appropriate.
- The power to lock the meeting to prevent people from joining during an executive session.

- A feature to record the meeting to aid in transcribing meeting minutes.

We found a video conferencing platform that fit our needs and was user-friendly, especially for those that weren't necessarily tech-savvy. A few weeks prior to our first public meeting using the platform, staff had mock meetings to familiarize everyone with the platform and to look for any potential problems. We then tested the system with each board member to ensure that they too were comfortable.

Once we were ready to have our first remote meeting, we emailed the video conference link to the board and staff and published the link on our Web site for public attendees.

Some tips that we offered when joining the meeting were:

- Join 10–15 minutes prior to the start of the meeting in case they ran into technical difficulties.
- Do not use speakerphone and instead speak loud and clear into the computer microphone or phone receiver.
- Use the same Web browser as support staff to make it easier to help troubleshoot.
- If using the "Call Me" feature instead of using your computer audio, remember to unmute on your computer and phone.

While we were hesitant about using a video conferencing platform for public board meetings, after some initial hiccups, it became apparent that it was a convenient and efficient method for holding public board meetings. Board members and the public could participate from the comfort of their own homes. However, after more than a year of being remote, some were eager to return to in person once it was safe.

The first time we tried to return to in-person meetings, we had to revert to remote meetings with a moment's notice due to the different variant outbreaks. Luckily, at that point, we had the capability to do that quickly. Once we were back in person, there were some who needed to remain remote because of health conditions. We continued to create video conference links to have hybrid board meetings until the time came when everyone could attend in person.

While we are now able to be back in person and prefer having our board members in the same room, having this technology in place allows us to:

- Conduct hybrid meetings, which makes it easier for staff and board members to attend. This has proved to be especially convenient for those who work at our various facilities located throughout Maricopa County, since they can now attend the meeting remotely in lieu of driving to the main campus.
- Continue to allow members of the public to attend remotely. We still publish the meeting link to our Web site for the public.

- Have peace of mind knowing we have this technology set up in case another pandemic (or similar situation) were to occur.

The pandemic brought extraordinary challenges to frontline workers and the entire healthcare team. So too, were there challenges in conducting board meetings effectively in that environment. Complying with the Arizona public meeting statutes while also protecting the health and well-being of everyone involved, was achieved with technology and a bit of creativity.

The Governance Institute thanks Melanie Talbot, Chief Governance Officer and Board Clerk, Valleywise Health Medical Center, for contributing this article. She can be reached at melanie.talbot@valleywisehealth.org.

